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## Clinton Angrily Assails Leak of His Testimony

President's Lawyers Demand FBI Inquiry As Tension With Starr's Team Heightens

By Brian Knowlton  
*International Herald Tribune*

WASHINGTON — President Bill Clinton, in one of his rare comments on the allegations swirling around him, on Thursday angrily denounced an apparently illegal leak of a detailed account of his deposition in the Paula Jones sexual misconduct suit.

"Somebody in this case ought to follow the law," Mr. Clinton said.

Mr. Clinton's private attorneys called the leak "reprehensible" and demanded an FBI investigation of its source.

As they spoke, there was an extraordinary flurry of activity at the federal courthouse here as Vernon Jordan Jr., a close Clinton friend, appeared for a second day of questioning; and William Ginsburg, an attorney for Monica Lewinsky, appeared before a federal judge, apparently to argue against Kenneth Starr, the independent counsel, about an offer of immunity for his client.

The dispute over the deposition is the

latest in a series of increasingly acrimonious exchanges between Mr. Clinton's lawyers and the Starr team over vaguely sourced press leaks that appear either to have come from the closed grand jury investigation, from sources close to it, or possibly from White House advocates seeking to deflate sensational charges through preemptive leaks.

Mr. Clinton's five-hour deposition in the Jones case had been held under court seal.

The Washington Post, giving no indication of its source, published an extensive account of the session in its Thursday editions, providing not only the substance of what was said but also descriptions of Mr. Clinton's demeanor that seemingly could come only from a person at the session or from a recording of it. (Page 3).

The Associated Press and CNN quoted unnamed sources as confirming the accuracy of the Post's report.

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## Organized Crime Strangles Slovakia Extortion and Protection Rackets Grow Into a Threat to Business

By Peter S. Green  
*International Herald Tribune*

BANSKA BYSTRICA, Slovakia — When the mob came calling in August at his office in this provincial capital, Frantisek Mojzis had a good idea what it was after: his business.

But Mr. Mojzis refused to sign over the title to his company, or hire a mob-controlled security service to "protect" his business. Nor did Mr. Mojzis ask Slovakia's marginally effective police force for help when the man the mob sent played tough with him, cajoling and finally "offering" to take him on a short car ride, Mr. Mojzis recalled recently.

Instead, Mr. Mojzis did what many people do when they find themselves in a period of great trouble: He turned to God.

Rather than take in a mob front man as a silent partner, he decided to try to save his eight-year-old company, Drukos, s.r.o., by signing over ownership to the Roman Catholic Church. The diocese's Society to Aid the Poor and Sick now owns Mr. Mojzis's 5.2 billion koruna-(\$150 million)-a-year empire, leasing cars and business machines and building prefabricated homes, while turning some of the profits over to the poor.

"A man's heart shouldn't just express itself in words, but in his deeds as well," Mr. Mojzis said as he nervously smoked a cigarette in his heavily guarded office. He said he was inspired by the example of Banska Bystrica's bishop, the Reverend Rudolf Balaz, a vocal opponent of the heavy-handed rule of Prime Minister Vladimir Mečiar.

The demise of communism in 1989 opened the doors for savvy, energetic entrepreneurs like Mr. Mojzis to cash in on the potential for rapid economic growth in Eastern Europe as it embraced capitalism. But through those same doors walked organized crime gangs, and nowhere in Central Europe have these resourceful toughs been more brazen or apparently more politically well-connected than in Slovakia, according to a range of experts, including diplomats, police officers, investigative

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Scott Ritter heads a team of about 50 UN inspectors.

## Moon Survey Finds Evidence of Water

*The Associated Press*

WASHINGTON — Small, scattered pockets of water ice have been found beneath the lunar surface by a robot survey spacecraft that has spent the last month mapping the moon.

NASA officials said the usefulness of the water was not immediately clear, because the data from the spacecraft Lunar Prospector show it is scattered in small deposits across thousands of square miles of the lunar poles.

While the evidence of water ice is quite strong, the water signal detected by the spacecraft's instruments is relatively weak, said William Feldman, a Department of Energy researcher participating in the project.

Finding water ice on the moon bolsters tentative plans to establish a permanent lunar base. If water could be mined on the moon, it would ease the need of sending a supply from Earth.

## Saddam's Nemesis Back for Inspection But Ritter, Earlier Barred as 'Spy,' May Not Visit Presidential Sites

Compiled by Our Staff From Dispatches

BAGHDAD — The United Nations weapons inspector Scott Ritter, branded a spy by Iraq, returned to Baghdad on Thursday on a mission that could prove to be an early test of Iraq's pledge to comply with the inspection regime.

Iraq's cooperation with Mr. Ritter, an American who was barred in January from working, may show how far it is ready to carry out a pledge made 10 days ago to give unrestricted access to the inspectors, who believe it is still concealing banned weapons.

Iraq made the commitment in an accord signed by the UN secretary-general, Kofi Annan, and Deputy Prime Minister Tariq Aziz, which defused a crisis over access to eight so-called presidential sites.

Mr. Ritter flew to Habbaniya military airport outside the capital at the head of a team of about 50 inspectors and then traveled by bus to the UN headquarters in Baghdad.

Iraq's official press agency briefly mentioned his arrival in a report on visits carried out Thursday by inspectors of the UN Special Commission, or Unscom, who have continued their work throughout the recent crisis.

In a sign that Iraq was playing down the significance of Mr. Ritter's visit, photographers and television crews were asked not to cover his arrival.

In January, Iraq blocked inspections by Mr. Ritter's team, alleging that he was a spy and that his team was weighted with Americans and Britons.

The move sparked a standoff with the United Nations, and the two sides sparred for weeks over access by UN weapons teams to "sensitive sites," including dozens of President Saddam Hussein's palaces. The United States threatened to attack if Iraq did not allow inspectors access to the sites, while Baghdad said such inspections would violate its sovereignty.

Iraq has pledged that it will comply fully with the deal it signed with Mr. Annan, under which it also promised un-

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## Yugoslavia Opens Offensive Against Albanian Rebels In Kosovo Region

Defying Calls for Restraint, Milosevic Appears Determined To Smash Separatist Movement

By Chris Hedges  
*New York Times Service*

PRISTINA, Yugoslavia — Serbian security forces Thursday opened the Yugoslav government's largest counterinsurgency operation so far in the fight against separatist rebels in Kosovo Province. Troops cordoned off scores of villages and forced the evacuation of dozens of Serbian families, along with women and children from the ethnic Albanian community.

Serbian police officials said they began the attack in the Drenica region, 40 kilometers (25 miles) west of the provincial capital, Pristina, after a dawn ambush on a police station that left two policemen wounded. The

U.S. punishes Belgrade over crackdown: Page 6

villages that are the targets of the Serbian siege are the same ones where at least 24 ethnic Albanians were killed by Serbian police and paramilitary units last weekend.

A spokesman for the leader of Kosovo's Albanians, Ibrahim Rugova, called the situation "dramatic," with houses burning and "massacres being carried out."

Mr. Rugova's spokesman, Mustafa Xhemajeli, said: "Today's attack proves the unprecedented brutality of the Belgrade regime."

It was not possible to confirm the accusations.

[Twenty] Albanians and two Serbian policemen were killed Thursday in fighting in Prekaz, Reuters reported from Belgrade, quoting the Interior Ministry. Refugees told reporters that the security forces attacked the village with armored vehicles and helicopters.]

The assault, apparently aimed at wiping out the separatist Kosovo Liberation Army, came as the foreign secretary of Britain, Robin Cook, representing the European Union, met in Belgrade with President Slobodan Milosevic of Yugoslavia.

Mr. Cook is to preside over a meeting in London on Monday of foreign ministers from the six-nation Contact Group — comprising the United States, Russia, Britain, France, Germany and Italy — to discuss the crisis in Kosovo.

Mr. Cook said he had urged Mr. Milosevic to negotiate with ethnic Albanian nationalists in Kosovo who are demanding independence for the southern province. He also warned the president that he faces increased international isolation if he continues to use force to quell the unrest there. European diplomats said.

Mr. Cook said at the airport in Belgrade that he did not win any guarantees. "I wish I could say that I leave here more hopeful than when I arrived," he said, adding that instead he was left with a feeling of "grave concern."

The police assault Thursday was viewed by analysts as Mr. Milosevic's defiant answer to the international calls for restraint and dialogue.

Many diplomats say they fear that the assault on the ethnic Albanian community will lead to the kind of wild slaughter that characterized the Serbian onslaught during the war in Bosnia-Herzegovina. The black-uniformed paramilitary units from the Ministry of Interior now fanning out across Kosovo were deployed during the Bosnia war.

As helicopter gunships whirled overhead, police barricaded behind sand bags and armored personnel carriers turned back those who tried to enter the towns in the Drenica region. Some people said they could bear explosions from the hillsides around Prekaz.

Ethnic Albanians are not the only victims of this

See KOSOVO, Page 6

## China Slates \$1 Trillion To Safeguard Its Boom Fighting the Asian Crisis With Public Works

By Seth Faison  
*New York Times Service*

BEIJING — The leaders of China have devised a plan to spend \$1 trillion on infrastructure projects in the next three years, an ambitious effort to stop the Asian financial crisis from derailing China's economic growth and the political stability that has come with it.

A stimulus package on a stunningly large scale, the plan is intended to counter ill effects from the fall of Chinese exports and foreign investment, once twin engines of a go-go economy. Both are expected to drop sharply this year. Delegates at the opening session of the National People's Congress, an annual meeting of China's legislature, said Thursday the spending plan would be unveiled in the coming days.

Leaders in Beijing have watched with mounting alarm in recent months as one Asian country after another fell into financial crisis. Aware that their own banking and industrial troubles were at least as

serious as in other Asian nations, China's leaders saw the need for a drastic step, and the one they chose is the largest spending plan in the nation's history.

Huang Qifan, deputy secretary-general of the Communist Party in Shanghai, said in an interview that the leadership had decided a full \$1 trillion was needed to keep China's growth rate at 8 percent, a level that many economists say is needed to avert massive unemployment.

The spending plan, Mr. Huang said, will pay for the building of roads, bridges, power plants, sewage treatment plants, water conservation plants and for agricultural projects.

The money will come from eight principal sources, he said, including foreign borrowing, government loans, direct allocations and various forms of public investment. Some of the funding was already in the works as part of

the plan.

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Chinese leaders standing for the national anthem Thursday at the opening session of the National People's Congress.

## AGENDA

### United Places \$1.4 Billion Airbus Order

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The Intermarket .....	Pages 4, 5.
The IHT on-line .....	www.iht.com

HSBC, the London-based parent of the Hongkong & Shanghai Banking Corp., is paying £25 million (\$41 million) to sponsor Jackie Stewart's Formula One team for five years. The bank hopes to share in the sport's self-styled image as being modern, technology-driven and successful at risk management.

"We were looking for ways to project the name of the HSBC group globally, and quickly," said Mary Jo Jacobi, the group's head of public affairs. "After the World Cup and the quadrennial Olympic Games, it is the biggest global sport." Formula One is broadcast to

See FORMULA ONE, Page 12

## Advertisers Find a Formula They Like in Auto Racing

By Tom Buerkle  
*International Herald Tribune*

LONDON — They are sleek and fast. They travel the globe from Melbourne to Monte Carlo, surrounded by models and princes, actors and corporate moguls, and watched by some 460 million avid television spectators. And there are only 22 in each race.

They are Formula One racing cars. And in this high-tech, high-speed age, they are fast becoming a dream vehicle for the advertising world.

As Michael Schumacher, Jacques Villeneuve and other drivers gear up for the season-opening Aus-

tralian Grand Prix this Sunday, the traditional cigarette and motor-oil logos are increasingly sharing space on racing-car bodies with logos from banking giants like HSBC Holdings PLC, high-technology companies like Hewlett-Packard and Alcatel Alsthom, and even Hollywood's Universal Studios.

The surge in sponsorship attests to the growing appeal of one of the world's most popular annual sporting events. It also provides optimism for the future of a sport that is facing a European ban on tobacco advertising in eight years' time, and tough new scrutiny by antitrust regulators into its cosy tie-ups with broadcasters and race-track operators.

## Evasions Mark Suharto's Steps To Carry Out IMF Reforms

By Seth Mydans  
*New York Times Service*

JAKARTA — As a decision nears over whether to infuse billions of dollars in international aid to Indonesia, a close look at the performance of President Suharto shows a pattern of evasions and half-measures on the economic reforms he agreed to six weeks ago.

From cars to cloves to banks to plywood, the painful austerity measures Mr. Suharto promised in return for the aid made brief appearances here. But many have disappeared again in a haze of missed deadlines, quick name changes and fiscal shuffling, according to Indonesian and foreign businessmen and economists.

Tax breaks for a "national car" were removed, only to reappear in a new form.

Cartels controlled by Mr. Suharto's close friends in cloves and plywood seem to have been dismantled, only to rise again, the experts said.

Banking reform, probably the most critical step in regaining financial stability, appears to have been slowed by the financial interests of the country's elite. The removal of subsidies for basic commodities has been announced several times, only to be delayed as food riots have flared around the country.

Officials of both the United States and the International Monetary Fund warn that unless quick action is taken on these and other reforms, a \$40 billion rescue package could be suspended later this

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Newspaper Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 DH
Cameroun	1,600 CFA	Oman	10.00 QR
Egypt	EE 5.50	Reunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Dini
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	.700	U.S. M.	£1.20

**Neo-Nazi Activity / Rampant Xenophobia****Shadow of Rightist Violence Hangs Over Germany's Foreigners**By William Drozdiak  
*Washington Post Service*

**E**BERSWALDE, Germany — When Halis Ozgurek saw 10 rowdy youths with shaved heads and jackboots ambling toward his fast-food stand last New Year's Eve, he feared becoming another victim of the xenophobic violence plaguing Eastern Germany.

The Turkish immigrant figured he would not succumb without a fight. When one of the youths shattered a glass window and another pressed a gun to his temple, Mr. Ozgurek picked up his meat carving knife and slashed a finger off his attacker. When the police arrived, they let the skinheads go free but arrested Mr. Ozgurek on assault and battery charges.

Mr. Ozgurek was released from jail within 48 hours, but rather than flee what most people would consider a hostile environment, he decided to make a stand. He commutes up to two hours each way from a Berlin apartment to run his franchise in this economically depressed town that authorities have identified as one of nine centers of neo-Nazi activity that surround Germany's new capital.

"These people need to learn there are others in this world who may not look, act and talk like them," Mr. Ozgurek said, as three brazen bodyguards stood watch at his establishment to deter any further acts of extremist violence. "I guess I might think differently if I had a wife or kids, but since I'm single I can afford the risk of standing up for my rights."

There was a surge of firebombings against foreign asylum-seekers in the wake of Germany's unification eight years ago. The attacks declined after the police cracked down on the extremists.

But rightist violence is again on the rise, especially in the East, where rampant joblessness and disillusionment with unification are spreading an ugly mood of anger and despair.

Klaus-Dieter Fritsche, deputy chief of the Federal Office for the Protection of the Constitution, the German law enforcement agency that monitors extremist groups, says the number of rightist attacks rose last year to 669, an increase of more than 10 percent. More than half the recorded attacks were aimed at foreigners.

Mr. Fritsche said the number of people in Germany with known far-right sympathies had grown to 48,000, with about 7,600 considered capable of violent acts. Nearly half of them live in Eastern Germany, where most acts of xenophobic violence occur even though foreigners amount to only 1.5 percent of the local pop-



Bernd Jäger/Berlitz

**Neo-Nazis shouting slogans during a demonstration in Dresden organised by the National Democratic Party. Extremist violence is on the rise as joblessness and disillusionment with unification spread a mood of despair.**

ulation. The majority of Germany's 7 million foreigners live in Berlin or Western cities.

But German authorities say statistics tell only part of the story. They contend that rightist groups are becoming increasingly dangerous because of more effective recruiting methods, improved organizational skills, computer Web sites that disseminate neo-Nazi propaganda and, most ominously, the firepower of their weapons.

In February, the police found a small bomb factory run by neo-Nazis near Jena that contained a small arsenal of dynamite. The local prosecutor, Helmut Roewer, said the discovery showed "new quality in the weaponry and violent preparations" by rightist groups that suggest they plan to escalate their campaign with terrorist activities.

"Hardly a day passes without some sort of incident," said Cornelia Schmalz-Jacobsen, head of the German government's office of foreigner affairs. "The public appears to be pushing these incidents out of its conscience and is becoming accustomed to the attacks as everyday events."

**S**HE deplored the rise of "foreigner-free zones" that have emerged in many Eastern areas where sullen, unemployed youths cluster in bars or roam the streets while foreigners are warned not to leave their houses alone after dark.

"We have to appeal to local authorities, the schools, the youth groups, the local politicians and the army to make clear that this cannot be tolerated," she said.

Alarmed by the resurgence in rightist extremism, the state of Brandenburg, which surrounds Berlin, has mobilized a 45-member commando squad to respond to emergency calls about neo-Nazi attacks. The rapid-reaction force, equipped with helicopters, special weapons and high-speed vehicles, arrested 23 people in its first week of operations.

Axel Luedders, head of the state's criminal investigations, said the commando unit hoped to capture soon all ringleaders of far-right gangs that speak in Web-site propaganda of liberating Germany from "foreign deviants and enemies."

**C**RIMINAL investigators say that, apart from Eberswalde, they have pinpointed eight other hotbeds of extremist activity within the state of Brandenburg. These are Oranienburg, Neuruppin, Rathenow, Nauen, Mahlow, Luckenwalde, Forst and Hennigsdorf.

But social workers, politicians and local residents say it will be hard to eliminate the root causes of rightist extremism in these areas, where the job picture is so bleak and frustrations so intense in coping with the legacy of 57 years of Nazi and Communist dictatorships that many young people find a misguided form of self-esteem in xenophobic doctrines.

"Many parents feel overwhelmed by this society because they depended for so long on the state and the party to train their children," said Maria Boettiger, the Eberswalde official in charge of contacts with foreigners. "So a lot of young people are running around without any kind of values, and they fall for these primitive ideas about national superiority. And it all grows in an atmosphere of ignorance and indifference."

Eberswalde became notorious for neo-Nazi activity when a young Angolan immigrant, Antonio Amadeu, was beaten into coma in 1990. He became the first fatality in the wave of rightist extremist attacks against foreigners that swept Eastern Germany right after unification.

Birgit Eipel, a social worker for the Lutheran church, has been trying to inculcate tolerance for foreigners among local schoolchildren by teaching them about Germany's debt to history. She has organized trips to Israel and to concentration camps to increase awareness of the devastating consequences of extreme-rightist ideology.

But Miss Eipel acknowledges that her efforts have met with limited success. "We make these nice coothes on trips with people in Israel, France or Britain, but then we have a hard time convincing them to visit us," she said.

**Ford Charged With Profiting From War-Era German Unit**By Blaine Harden  
*Washington Post Service*

**N**EW YORK — A German subsidiary of Ford Motor Co. has been accused in a class-action lawsuit of having "knowingly earned enormous profits" from the use of forced labor in Nazi Germany during World War II.

But a spokesman for the company said the plant had been under Nazi control during the war and that Ford had never received wartime profits from it.

The suit alleges that Ford Werke, a company in Cologne that made trucks for the German Army, had been "an eager, aggressive and successful bidder" for thousands of Russian, Ukrainian, Italian and Belgian civilians who were transported into Germany and forced to work under "utterly barbarous conditions."

The charges come at a time when more than a half century after World War II, the victims of Hitler's Germany and their survivors are seeking financial recompense for state-sanctioned theft and other crimes that accompanied the Holocaust.

The suit, filed in Newark, New Jersey, marks the most pointed allegations of illegal wartime profiteering made against an American company with assets in Nazi Germany.

Throughout the war years, the suit claims that Ford — unlike most American-owned companies, which were either nationalized or confiscated — maintained a controlling 52 percent interest in its German subsidiary. The suit also says that during those years high-ranking officials in the Dearborn, Michigan, company, including the company's president, Edsel Ford, were in contact with German managers at Ford Werke in order to exert management control and take "substantial profits."

Ford did not categorically deny allegations made in the lawsuit. A statement by John Rintamaki, the company secretary, began by saying, "First, it must be said that by anyone's measure this was one of the darkest periods of history mankind has known."

Citing "existing records" and the work "of a number of prominent historians," Mr. Rintamaki said "the plant was under Nazi control and not returned to Ford control until after the war."

The company also said its records showed that Ford never received wartime profits from the Cologne plant.

Historians for years have known that forced labor was used at the company's plant in Cologne during the war. But no documentation has surfaced showing control, influence or secret contracts during the war between Ford executives in the United States and German management, according to Simon Reich, a professor at the University of Pittsburgh who has written extensively on this subject.

Melvyn Weiss, the senior plaintiff lawyer in the suit, said he had "evidence of continued communication between Edsel Ford with the company's operation in Germany throughout the war."

Mr. Weiss declined to say what kind of evidence he had gathered. The suit seeks payments of unpaid wages and any profits derived from forced labor, plus interest, and punitive damages.

**After a Rare Ousting, a Rare Reuniting of Priest and Church**By Celestine Bohlen  
*New York Times Service*

**R**OME — It was a year ago that the Vatican announced its remarkable judgment in the case of the Reverend Tissa Balasuriya, finding the Sri Lankan priest, then 72, guilty of heresy for his radical views on salvation and the Virgin Mary, and declared him excommunicated from the Roman Catholic Church.

This conflict over what is and what is not Catholic doctrine has now ended in a private chapel in Colombo, Sri Lanka, where Father Balasuriya was re-united with his church and the excommunication order was formally lifted.

It was a surprise ending in a case that had been an exception.

Excommunication — the harshest sentence in the church's canon law — has been rarely used in recent decades. Typically, dissident theologians

have been allowed to remain in the church but have been banned from teaching Catholic theology.

It is also rare in the history of Roman Catholicism that dissidents have gone up against the formidable keepers of doctrinal orthodoxy — now the Congregation of the Doctrine of the Faith, but better known in centuries past as the Holy Office — and emerged unscathed.

Not that the Vatican retracted its criticism of Father Balasuriya's views, which were published in a slim volume titled "Mary and Human Liberation," with only 500 copies originally printed.

His book took a critical look at the devotion accorded the Virgin Mary, and rejected the doctrine of original sin, saying babies do not need to be baptized in order to be saved.

Remarkably, there was also no retraction from Father Balasuriya, who on Jan. 15 signed a short reconciliation statement after intense discussions mediated by the superior-general of his Rome-

based missionary order, the Oblates of the Immaculate Conception.

"There was no retraction because they have not proved any error," Father Balasuriya said recently from his Center for Society and Religion in Colombia.

"It was the perceptions and ambiguities perceived by others that led to polarization, and that I regret. But what I signed was no retraction whatsoever," he said.

Now the case is being closely examined to see which side backed off.

The Reverend Thomas Reese, an American Jesuit who has written on the workings of the Vatican, said it was "surprising to see somebody excommunicated and then unexcommunicated so quickly."

From the defenders of the Congregation of the Doctrine of the Faith, there is, however, another view.

"The one who made concessions is the man

himself," said the Reverend Peter Gumpel, a Jesuit scholar based in Rome. "This was a clear retraction of a number of things that he had stated."

The statement owes more to the art of diplomacy than to theological debate. In it, Father Balasuriya writes of "serious ambiguities and doctrinal errors" that were "perceived in my writings and therefore provoked negative reactions from other parties."

He also agreed to sign a "profession of faith" similar to one he had proposed to the Vatican 18 months ago, minus one offending paragraph.

The Congregation for the Doctrine of the Faith had dropped its insistence on a profession of faith specially drawn up for Father Balasuriya that had included among 35 points of doctrine a phrase repeating the Vatican's ban on the ordination of women. He also agreed to submit future writings on faith and morals to his superiors for review — a concession that some say may have been the most important for the Vatican.

**TRAVEL UPDATE****Poles Plan Tax Refund**

**W**ARSAW (Reuters) — The government's economic committee approved draft legislation Thursday that would allow tourists to be refunded the value-added tax paid on goods as they exit Poland.

The legislation, which must be approved by the full cabinet and Parliament, would bring regulations closer to those of the European Union. Poland levies a 22 percent tax on most products.

"The bill envisages returning VAT at the borders," Finance Minister Leszek Balcerowicz said. "The refund will be made for goods of value above a certain level, which remains to be determined."

Archaeologists in Rome have stumbled on a richly colored wall fresco, thought to be 2,000 years old, of a detailed cityscape that experts say could be a bird's-eye view of the ancient capital. The painting was found in a dank passageway at the Trajan Baths in the city center.

(Reuters)

The U.S. Postal Service is giving up much of the landmark Farley Post Office in New York City, clearing the way to convert the elegant old building into a new Pennsylvania Station to house Amtrak and other rail connections. Money for the \$315 million project — across the street from the existing Penn Station — has been appropriated, and many of the plans have been drawn up in anticipation of federal approval of the renovation.

(AP)

**Click and Bet? New York City Unplugs 14 On-Line Bookies**By Benjamin Weiser  
*New York Times Service*

**N**EW YORK — Pursuing the first federal prosecution of sports gambling over the Internet, the authorities in New York City have charged 14 owners and managers of offshore companies with illegally using interstate phone lines to take on-line wagers from Americans who placed their bets with the click of a mouse.

The government said Wednesday that on-line sports betting had garnered about \$600 million in gross revenue last year, up from about \$60 million in 1996.

In January alone, the on-line betting services received about 40,000 "bets," according to prosecutors, who were largely associated with betting on the Super Bowl.

The government said it was not charging any bettors who used the Internet sites but that the prosecution should serve as a warning that such activity is illegal.

It was unclear Wednesday, however, what the impact of the prosecution would be.

Gambling experts said that the size and anonymity of the Internet would make it impossible for the government to shut down the burgeoning industry, which consists of at least several dozen known betting services.

"You're never going to see a shutdown," said Anthony Cabot, a gambling law expert in Las Vegas. "What you're going to see is a number of people being dissuaded from entering the industry and those who are in the industry are going to take much greater precaution in hiding their ownership if they are U.S. citizens."

In moving against the executives of the offshore companies, which are based in the Caribbean and Central America, prosecutors said they were concerned that the use of the Web had vastly expanded the market for illegal gambling in the United States, and consequently increased the risks associated with betting on professional and amateur sports.

Cybergambling over the Internet greatly multiplies all of these risks," said Mary Jo White, the U.S. attorney in Manhattan, whose office announced the charges Wednesday.

Ms. White said the "instantaneous access" of on-line betting was an irresistible lure both to global bookies and potential gamblers who could bet and lose large amounts of money without ever leaving home.

**WEATHER**

Forecast for Saturday through Monday, as provided by AccuWeather.

**Europe**

	Today	Tomorrow	Wednesday
Algiers	23/73 105% pc	23/73 15% pc	23/73 15% pc
Amsterdam	56/65 94% r	55/65 37% st	55/65 37% st
Antwerp	56/65 94% r	55/65 37% st	55/65 37% st
Athens	15/63 4% s	14/63 94% pc	14/63 94% pc
Berlin	17/62 125% pc	21/62 125% pc	21/62 125% pc
Bordeaux	16/62 94% s	16/62 94% s	16/62 94% s
Brisbane	19/50 94% s	19/50 94% s	19/50 94% s
Budapest	19/50 94% s	19/50 94% s	19/50 94% s
Copenhagen	20/50 94% s	20/50 94% s	20/50 94% s
Cork	24/75 135% pc	24/75 135% pc	24/75 135% pc
Dublin	23/75 135% pc	23/75 135% pc	23/75 135% pc
Edinburgh	31/75 115% s	31/75 115% s	31/75 115% s
Edmonton	20/65 94% s	20/65 94% s	20/65 94% s
Edinburgh	31/75 115% s	31/75 115% s	31/75 115% s
Edmonton	20/65 94% s	20/65 94% s	20/65 94% s
Edmonton	20/65 94% s	20/65 94% s	20/65 94% s
Edmonton	20/65 94% s	20/65 94% s	20/65 94% s
Edmonton	20/65 94% s	20/65 94% s	20/65 94% s
Edmonton	2		

Ford Charged  
With Profiteering  
From War  
German Un.

## THE AMERICAS

**A Glimpse at Clinton's Deposition in the Jones Case**

By Peter Baker  
*Washington Post Service*

**WASHINGTON** — The most detailed account to date of President Bill Clinton's sealed deposition in the Paula Jones sexual harassment case shows that Mr. Clinton acknowledged he had talked with his close friend and adviser Vernon Jordan Jr. about his efforts to find a new job for Monica Lewinsky, but that it was his personal secretary who initiated the career help for the former White House intern.

During Mr. Clinton's five-hour deposition on Jan. 17, the president testified that he saw Ms. Lewinsky at the White House on perhaps five occasions and that they may have been alone together. But the president denied ever having had sexual relations with Ms. Lewinsky, according to the account of the deposition.

For the purposes of the deposition, Mrs. Jones's lawyers produced a written definition of sexual relations that encompassed such acts as fondling and oral sex but not kissing on the mouth — a definition that leaves Mr. Clinton little room to offer a revised explanation of his relationship with Ms. Lewinsky.

In recent weeks, some advisers have suggested possible scenarios in which the president might admit to intimate contact short of the oral sex Ms. Lewinsky reportedly has claimed occurred, but any contradiction with his testimony in the deposition now risks a perjury charge.

In the deposition, Mr. Clinton acknowledged that he once mentioned the Jones case to Ms. Lewinsky, telling her that many women who knew him were being summoned to testify and that she might be among them. But he testified that that was the extent of the conversation. Mr. Clinton said he was not sure whether he knew at that time that Ms. Lewinsky had been subpoenaed.

Mr. Clinton said he was aware that his personal secretary, Betty Currie, had arranged for Ms. Lewinsky to be interviewed for a job by the American ambassador to the United Nations, Bill Richardson — a meeting that took place in October — and that Mrs. Currie later contacted Mr. Jordan for help with job prospects in the private sector. While that was not done at his suggestion, he said, he believed it was proper.

Although the president offered few specifics, he said Mr. Jordan told him that he had been talking with Ms. Lewinsky about jobs, and that he had indicated his support.

It was secret tape recordings of Ms. Lewinsky's discussion of a sexual relationship with Mr. Clinton — and her assertion in those ostensibly private conversations with a friend

**In the sealed deposition, Mr. Clinton offered no explanation for his frequent contacts with Ms. Lewinsky or why he was kept informed about a former low-level aide's job search.**

that the president had urged her to lie about it — that sparked the investigation by the independent counsel. Kenneth Starr is now trying to determine whether the president suborned perjury or attempted to obstruct justice.

Mr. Starr has obtained a copy of Mr. Clinton's deposition through the Little Rock court where the Jones case is scheduled to go to trial on May 27.

Mr. Clinton's legal team in the Jones matter was informed on Dec. 5 that Ms. Lewinsky was a potential witness. So the president's interactions with her and Mr. Jordan after that point are key to Mr. Starr's investigation.

For Mr. Clinton, the deposition was an excruciating look into his intimate past.

Ms. Jones's lawyers, those who are familiar with the deposition said, tried to question him out only about Mrs. Jones and Ms. Lewinsky, but also about five other women. The president's mood seemed generally sober, but as the hours wore on there were moments of pique as well, this account goes.

His voice was so low at times that he was asked repeatedly to speak up. At a couple of points, Mr. Clinton seemed agitated, once complaining about conservative attacks on him and later seeming to dare the Jones lawyers to throw any question at him that they could come up with.

While Mrs. Jones was the plaintiff, much of the interrogation by her lawyers actually centered on Ms. Lewinsky. Mr. Clinton acknowledged exchanging gifts with the young woman — she gave him a tie and at least one book, recalled, while he gave her souvenirs from Martha's Vineyard and did not dispute that he may also have given her a hat pin, a gold brooch and a book of Walt Whitman poetry.

**Away From Politics**

• Evento Co. is recalling 800,000 of its "On My Way" child carrier-car seats because of a faulty handle that can lead to a baby's being dumped out. When the seat is used as a carrier outside a car, the locking mechanism on the handle can slip, allowing the seat to slip forward and toss the baby out. (AP)

• The first woman to pilot a space shuttle, Eileen Collins, will also be the first woman to lead a U.S. space mission. At a White House ceremony, Ms. Collins was promoted to space shuttle commander, a landmark in the 37 years of the U.S. space program. (AP)

• Seven people were hospitalized after a commercial jet hit turbulence over Nevada. Alaska Airlines Flight 684 with 100 people aboard was heading from Seattle to Las Vegas when the 737 hit rough weather near Reno, where it was diverted for an emergency landing. (AP)



William Ginsburg, left, Monica Lewinsky's attorney, arriving Thursday at federal court in Washington to pursue his petition that the independent counsel's subpoena of his client be thrown out. His co-counsel, Nathaniel Speights, was with him.

In addition to denying a sexual relationship with Ms. Lewinsky, Mr. Clinton repeated his denial that he asked Mrs. Jones for oral sex in a Little Rock hotel suite in 1991. He also denied having had any sexual contact with three of the other women he was asked about.

U.S. District Judge Susan Webber Wright, who was present for the deposition, ruled that he did not have to answer questions about a fourth woman, because she had no state or federal employment.

But Mr. Clinton acknowledged for the first time that he did have sexual relations with Jennifer Flowers, saying it occurred just one time in 1997.

The president has offered no explanation for his relationship with Ms. Lewinsky beyond emphatic denials that they engaged in sex.

In the sealed deposition, Mr. Clinton offered no explanation for his frequent contacts with Ms. Lewinsky or why he was kept informed about a former low-level aide's job search. Nor was he asked by Mrs. Jones's lawyers to do so.

Mr. Jordan has said that he embarked on a job search for Ms. Lewinsky after being asked to do so by Mrs. Currie. He has told associates that he assumed the request had come from the president. Those associates said Mr. Jordan has said he was not aware when he first intervened to help Ms. Lewinsky that she was involved in the Jones case, even though Mrs. Currie's call asking for his help came three days after Mr. Clinton's lawyers were told she might testify.

Later, Mr. Jordan told the associates, both Ms. Lewinsky and Mr. Clinton assured him that they had had no sexual relationship.

To those in the room where the questioning took place for the Jones deposition, Mr. Clinton appeared to keep his composure and answered in measured terms.

In response to many of the particular questions, his language was imprecise. He said he did not recall certain events or know for sure if he had done some things he was asked about, although he often allowed that it was possible.

But when the allegations regarding sex were raised, Mr. Clinton answered in firm, declarative sentences or unequivocal one-word answers like "no."

Rather than asking the president direct, perhaps uncomfortable, questions about specific sex acts, Mrs. Jones's lawyers produced at the outset the written description of what they mean whenever they asked about sexual relations.

Under that definition, sexual relations meant any contact with someone's groin, buttocks, breast or inner thigh if intended to stimulate sexual arousal. No specific mention was made of kissing lips.

Unbeknownst to Mr. Clinton or his lawyers, Mrs. Jones's legal team had brought a secret weapon — full briefings from Linda

prime evidence of a pattern of behavior by Mr. Clinton.

In some ways, Mr. Clinton's sworn answers to questions about his ties with Ms. Lewinsky conflict with information that has been reported since the deposition. Most notably, he gave Mrs. Jones's lawyers a significantly different account of his last meeting with the intern.

During the deposition, he said he saw her briefly just before Christmas when she stopped by to visit Mrs. Currie and he stuck his head out of the Oval Office to say hello.

But White House e-mail logs that have been turned over to Mr. Starr's office showed that Ms. Lewinsky visited the White House the Sunday after Christmas, Dec. 28. Sources familiar with the session have said she met with Mr. Clinton, and the sources said they were not aware of anyone present besides the two of them.

The president said in the deposition that he had nothing to do with Ms. Lewinsky's being given a paid clerk's position in the White House Office of Legislative Affairs on Nov. 26, 1995.

After she left for a Pentagon job in April 1996, Ms. Lewinsky sent more than a half-dozen packages by courier to Mrs. Currie at the White House. At least some of the messages were intended for Mr. Clinton, the president acknowledged, although he characterized them as holiday cards or notes about how to recruit young people to work on White House activities.

Many people send things to him through Mrs. Currie, Mr. Clinton said, because there is a better chance they will actually reach him and not be lost in the piles of unsolicited mail that swamp the White House.

Under the rules of discovery, Mrs. Jones's lawyers were granted latitude to ask about other women, and they walked Mr. Clinton through a list of women who rumor had it he had been involved with.

Mr. Clinton said he remembered meeting with Kathleen Willey, a White House volunteer, on Nov. 29, 1993, when she came to him seeking a full-time job because of family financial problems. Mrs. Willey was so emotional that the encounter stood out, Mr. Clinton said, but he denied her account of an unsolicited sexual advance.

In her own deposition, sources who know of it have said, Mrs. Willey testified that Mr. Clinton took her into the hallway between the Oval Office and his private pantry, kissed her, put his hand on her breast, put her hand on his crotch and said, "I wanted to do that for a long time."

Mr. Clinton disputed the account, saying he embraced her and may have kissed her on the forehead in an attempt to comfort her because of her obvious anguish.

**POLITICAL NOTES****FBI Holds Fund-Raising Suspect**

**WASHINGTON** — Yogesh Gandhi, suspected of illegally funneling \$325,000 in foreign contributions to the Democratic Party, was arrested by the FBI on unrelated fraud charges as he prepared to fly home to India, the Justice Department announced Thursday. Mr. Gandhi was taken into custody without incident Wednesday at his home in Walnut Creek, California.

It was also learned that the department's campaign finance task force planned to file unspecified charges later Thursday against another Democratic fund-raiser, Johnny Chung. Mr. Chung and his attorney have been engaged in plea bargaining with prosecutors and there were indications they had reached an agreement.

Mr. Chung, a California businessman, alleges that in 1995 he was solicited for money by a White House staffer, delivered a \$50,000 check to Hillary Rodham Clinton's office and then was allowed to bring a group of Chinese business people to the White House to watch President Bill Clinton deliver his weekly radio address.

Mr. Gandhi was to be brought before a U.S. magistrate in San Francisco on Thursday on a mail fraud charge. He is accused of obtaining corporate American Express cards for himself and his wife, Kristi Marshall, in 1995 by forging a co-worker's name on the application. In exchange, the task force seized on the unrelated fraud case to prevent Mr. Gandhi from leaving the country. (AP)

**New Salvo Is Leveled at Starr**

**WASHINGTON** — A week after Kenneth Starr, the independent counsel investigating President Bill Clinton, ordered a White House official to the grand jury to account for negative accusations spread about prosecutors, the president's aides have circulated a new batch of material critical of Mr. Starr's performance as a lawyer for General Motors Corp.

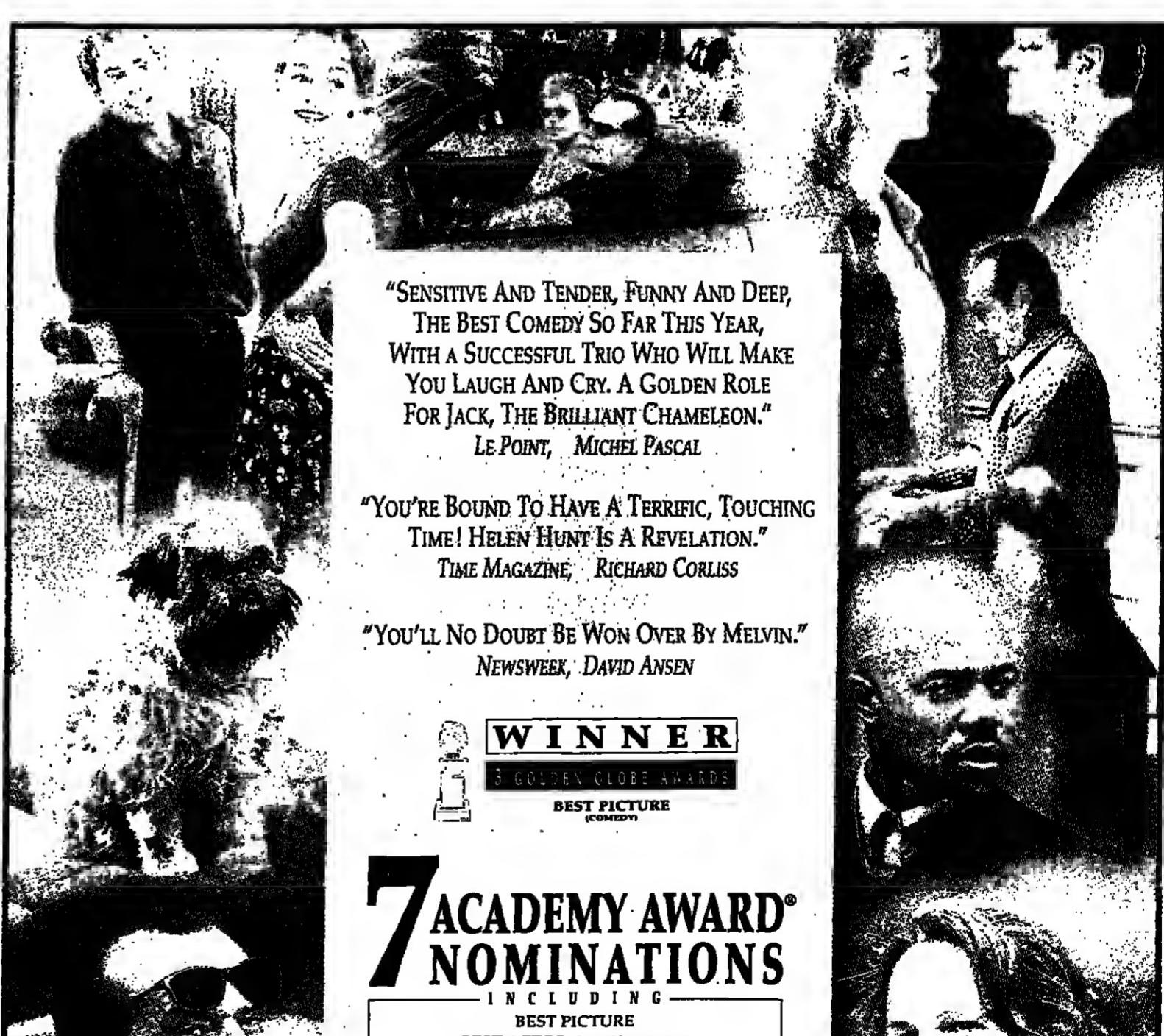
The material summarized a complaint filed Monday by a South Carolina plaintiff's lawyer that asks the Justice Department to investigate Mr. Starr for obstruction of justice.

The complaint, by J. Kendall Few, asserts that Mr. Starr sought to cover up perjurious testimony in a civil lawsuit in which Mr. Few's client had been injured in a car accident. Mr. Few said Mr. Starr misused the lawyer-client privilege in an appeals court argument to conceal false testimony given by an engineer for General Motors during previous trials over the combustibility of fuel tanks.

Justice Department officials said Wednesday that they would read Mr. Few's complaint before deciding whether it merited a more formal review. (NYT)

**Quote/Unquote**

**Senator Paul Coverdell, Republican of Georgia and co-sponsor of a resolution to overturn President Clinton's certification of Mexico as cooperating fully in efforts to curb drug trafficking: "By almost any objective standard, Mexico has clearly failed to satisfy the legal criteria required for certification."** (WP)



JACK NICHOLSON  
HELEN HUNT GREG KINNEAR

**AS GOOD AS IT GETS**

ROBERT DE NIRO, JAMES L. BROOKS, JACK PANCELLA, HELEN HUNT, GREG KINNEAR, SHIRLEY KNIGHT, HANS ZIMMER, ALICE WATKINS, ROBERT DUVALL, RICHARD MARKS, RICHARD MARX, LAURENCE FISHBURNE, RICHARD SAXON, LAURA ZISKIN, MARK ANDROS, JAMES L. BROOKS, ROBERT DE NIRO, KRISTEN ZEIGLER, JAMES L. BROOKS

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## INTERNATIONAL

# Divisions in Congress Party Boosting Rivals' Confidence

By John F. Burns  
New York Times Service

**NEW DELHI** — With its opponents in seeming disarray, India's main Hindu nationalist party grew increasingly confident Thursday that it will form the country's new government, although probably not for another week.

When election results earlier this week showed a neck-and-neck finish between two rival political blocs — one led by the Hindu nationalist Bharatiya Janata Party and the other by the Congress (I) Party — the stage seemed set for a protracted period of power-broking, with both sides claiming the right to govern.

But when the Congress Party's leadership met in New Delhi for four hours Thursday the meeting broke up in disagreement over the viability of any attempt to form a government.

The issue was put off for at least a day as members of the party's Central Working Committee fell into dispute over bungled election tactics and, crucially, over who should lead the party in Par-

liament and thus be its candidate for prime minister if a bid for power is made.

Several of the party's most influential leaders have said publicly that they believe the Congress Party would do better to choose a period in opposition.

Another group, believed to be in the majority, is said to support the course favored by Sitaram Keshi, the 82-year-old party president. He hopes to achieve a coalition government with the United Front, a third major political bloc, which formed the minority government that collapsed in December.

In any case, it seemed probable Thursday that no new government will be formed before March 12, the date set by the country's Election Commission for a formal notification of the election results. The delay, to allow counting of votes in several parliamentary districts where balloting has yet to be completed, appeared to mean that President K.R. Narayan will wait until then before inviting one of the party leaders, probably the Bharatiya Janata Party's Atal Bihari Vajpayee, to become prime minister.

Between them, the Congress Party and the United Front, which is a coalition of 13 regional and leftist parties, have 264 seats in the 545-seat Parliament, a narrow margin over the 250 seats won by the alliance led by the Bharatiya Janata Party. To form a government that can be sure of winning a parliamentary vote of confidence, each side will need 273 votes, so each needs to bolster its ranks with recruits from among 21 newly elected deputies who belong to none of the three major groups.

Even before the schism developed in the Congress Party, the underlying parliamentary arithmetic appeared to favor the alliance led by the Bharatiya Janata Party, since at least one group in the United Front, a 12-member bloc from the southern state of Andhra Pradesh, has equivocated on its position and hinted that it may switch sides.

Other moves have suggested a gathering momentum for the Bharatiya Janata Party among the splinter parties and independent members making up the floating group of 21 members.

One senior Bharatiya Janata Party leader, Pramod Mahajan, who is general secretary, said Thursday that the party had already won assurances of support from 10 of the 21. In addition, Mr. Mahajan said, his party expected pledges from other groups not to vote against a government led by the Bharatiya Janata Party.

"So we have already crossed 260 seats, and I think this is a working majority," he said.

The most telling sign of disunity in the Congress Party was its failure to agree on who should become its parliamentary leader. Reverting to a dynastic reflex that many in the party see as one of its main liabilities, the leadership sent an emissary to Sonia Gandhi, the Italian-born widow and daughter-in-law of two previous Congress Party prime ministers, Rajiv and Indira Gandhi, and asked her to settle the matter.

Although Mrs. Gandhi led the Congress election campaign, drawing huge crowds across the country that probably saved the party from a far worse showing than it achieved, she holds no formal leadership position. It was not clear how she would react to the suggestion that she become the party's kingmaker. It was clear, however, that Mrs. Gandhi would not take the post herself, since she was not a candidate in the election and is thus not eligible to be parliamentary leader, not at least without running in a by-election or getting herself nominated to the Parliament's upper house.

Party sources said that the dispute on the choice of a parliamentary leader reflected a much deeper divide and that this dispute also found expression in the disagreement on postelection strategy.

Essentially, the divide seemed to array around Mr. Keshi a group of veteran leaders, many in their 70s and even 80s. Opposing them is a much younger group, including such men as Madhavrao Scindia, 53, a former cabinet minister who is said to be favored by Mrs. Gandhi.

Mr. Scindia, a former maharajah, has been a strong voice, for reform in the Congress Party, arguing that it needs to rid itself of corrupt leaders.

## BRIEFLY

## Israelis Holding 5 As Terrorist Ring

**JERUSALEM** — The Israeli Army announced Thursday that it had dismantled a major armed network of the radical Palestinian movement Hamas, arresting five men, including a Palestinian policeman who was charged with helping to organize multiple suicide bombings in Jerusalem last year.

The police also said that another detained Hamas activist had revealed that his group planned to storm a foreign embassy in Israel and hold its employees hostage to free jailed Palestinian militants.

The army said in a statement that it had arrested five men from the autonomous West Bank cities of Nablus and Ramallah and from East Jerusalem for allegedly helping plan the bombings in Jerusalem last July and September that killed 21 Israelis.

An army spokesman said the cell was also involved in drive-by shootings against Israelis in the West Bank.

CIA Is Train

Dual Goal: Hunt Ter

By Tom Weller

WASHINGTON — The CIA

has been training

its agents in

the art of

surveillance

and counter-

intelligence

techniques

to hunt down

terrorists and

other bad guys

in the Middle

East and Asia.

Now the CIA

is expanding

its efforts to

train agents

in Europe and

elsewhere to

do the same

thing, according

to a source close

to the agency.

The CIA's

new program

is designed to

help agents

gather intel

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other countries

so they can

work more ef

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the Middle East

and Asia. The

new program

is part of a

larger effort

by the CIA to

expand its op

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rope and Asia

to combat ter

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ther threats.

The CIA's

new program

is designed to

help agents

gather intel

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other countries

so they can

work more ef

fectively in

the Middle East

and Asia. The

new program



Ethnic Albanians exchanging news in the Drenica region Thursday as Serbian police deployed through the area.

## French Researchers Clone Calf As Proof of Dolly Experiment

Washington Post Service

PARIS — Dolly, the Scottish ewe who became the cloning sensation of 1997, will soon have company of the bovine sort.

So say French researchers who reported Thursday that they had cloned a calf from adult cells and were anticipating its birth in early summer. Assuming normal gestation, the research team said, the newborn would constitute confirmation of the Scottish experiment that produced Dolly, the first known mammal cloned from fully developed adult cells.

The team, from the National Institute for Agrobiotic Research, also announced the birth Feb. 20 of Marguerite, a 46-kilogram (105-pound) calf cloned from embryonic cells — an important scientific feat but not the first of its kind.

The biotechnological stride implied by Dolly was that perfect replicas of a mammal could be created using differentiated cells — that is, cells evolved to specific functions in a mature organism.

But the French research director, Jean-Paul Renard, noted at a news conference that in the Dolly experiment, the culture of adult cells might have contained embryonic material that cast some doubt on Dolly's genetic origins.

The French laboratory's experiment with a calf, they said, would remove much of the doubt about Dolly's origins.

## KOSOVO: Yugoslavia Opens Assault on Separatist Rebels

Continued from Page 1

struggle. The fighting has spread panic through the small, beleaguered Serbian community, and numerous families said they were preparing to flee the province.

Many ethnic Serbs said that state security forces had quietly been distributing automatic assault rifles to Serbian men in Kosovo, including to some of the 25,000 Serbian refugees who were resettled here by Belgrade after being expelled during the wars in Croatia, Bosnia and other parts of the former Yugoslavia.

Serbs account for less than 10 percent of Kosovo's 2 million inhabitants. They live in small ghettos and towns where they have little contact with ethnic Albanians.

Since 1989, when Belgrade revoked Kosovo's status as an autonomous province, most ethnic Albanians have shown their animosity to Serbian rule by boycotting state institutions and organizing their own schools and community services.

In a dank, stuffy gymnasium that is serving as a haven for about 400 Serbian refugees, Zdravko Olovic sat peeling four potatoes for his dinner.

The battles, raging just a few kilometers away, brought back troubling memories of his life as a Serb in Croatia in 1991, at the start of the war for independence from Yugoslavia.

"Perhaps," he said, "given what has happened in the rest of the former Yugoslavia, it was just a question of time before this occurred in Kosovo."

At night in the last few weeks, Kosovo Liberation Army rebels have opened fire on apartment blocks

housing the families of policemen, and at some scattered centers for the Serbian refugees. Most of them had been resettled after the last Balkan war.

"The fear among the Serbs is escalating," said Bosko Drbojuk, chief of information for the Serbs of Kosovo.

"These terrorists used to target state bodies and their representatives, first of all the police."

"They then started to murder prominent Serbs and ethnic Albanians who remained loyal to the state. Now they are killing ordinary Serb civilians. The state must protect its citizens. It must provide security."

Serbs planning to leave the province, especially many of the refugees, said they believed the violence would increase.

"No one wants to go to Serbia," said Tanja Srbac, 24, who works in the Pristina electric company and who was expelled from Croatia with her family. "We are not given Serbian citizenship as refugees. We are denied employment in state companies. Only in Kosovo can Serb refugees find work and equal treatment. The pressure, however, has become too much. It is unbearable. I live in an old hotel with 450 refugees and every few days another room is empty."

The void between Serbian and ethnic Albanian communities is so wide it is difficult to see how it could be bridged.

"We have seen enough of violence and terror," said Vera Raden, 36, who was resettled against her will in Kosovo by the Yugoslav government after she fled Croatia two years ago. "I know the warning sings. I saw them before. It is time to leave."

## CHINA: \$1 Trillion Public Works Project

Continued from Page 1

may take 10 years. We should think in terms of decades."

Mr. Chen defended a plan by the Finance Ministry to buy \$32 billion in special bonds to recapitalize the nation's four largest banks, a move announced last weekend. Some economists have called it an accounting trick, since the banks sell bonds to the Finance Ministry, which in turn funnels the money back to the same banks as cash capital.

"It is a movement of money from one part of a bank's balance sheet to another," Mr. Chen said. "But it is the government that is buying the bonds, so it is not just converting liability into capital."

Estimating China's nonperforming loans at about 20 percent, Mr. Chen said that until China adopted international accounting standards by the end of this year, no one would know precisely how bad the banks' financial health was.

Recent banking reforms, Mr. Chen added, are aimed at reducing politically oriented loans, eliminating loan quotas and adopting more commercially oriented criteria for lending. "Last year, we also removed 525 bank or branch managers," he said. "That improved lending quality very quickly."

As for the infrastructure spending plan, Mr. Chen said it was vital. "We are going to expand public spending," he said. "In case exports are affected, we need to expand domestic demand."

Ordinarily, such a large spending package could have a dangerously inflationary effect. Yet inflation in China has dropped so low in recent months it is now close to zero — that economists seem to agree that it poses no threat.

Senior bankers in China have often repeated a new mantra that the yuan will not be devalued anytime in the near future. Mr. Li said so in his work report. He was echoed Thursday by Mr. Chen, who said devaluation was "not a choice."

## Taiwan Seeks to Clear Air With China

By Steven Mufson  
Washington Post Service

BEIJING — Taiwan said Thursday that it would send envoys to China to restart technical-level talks on easing tensions between the two rivals and establishing closer links in shipping, communications and air travel.

Lee Ching-ping, deputy secretary general of Taiwan's semi-official Straits Exchange Foundation, said his group would send a delegation to the mainland "in the near future." Mr. Lee said the delegation would try to prepare the way for a visit by his organization's chairman, Koo Chen-fu, and a return visit by his Chinese counterpart.

Tensions between Taiwan and China have been at a standstill since mid-1995 after President Lee Teng-hui of Taiwan angered China by

making a trip to the United States that Beijing viewed as an attempt to promote independence for the island, which China considers to be a renegade province.

The two sides have been at odds since 1949, when Chinese Nationalist armed forces fled after losing the civil war to the Communists.

Tensions between Taiwan and China threaten Asian relations and are believed by U.S. policymakers and analysts to be potentially the most explosive issue in U.S.-China relations because Beijing sees Washington as Taiwan's protector.

As a result, a steady stream of Americans — including former Defense Secretary William Perry and a former Pentagon official, Joseph Nye — have traveled to Taiwan to urge the autonomous island to restart discussions with China. This week Anthony Lake, the

AP Photo/SD

BRIEFLY  
Israelis Holding  
As Terrorist Ring

Bombing in Sud

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It's So Good

Public Works Proj

## INTERNATIONAL

## CIA Is Training Palestinian Forces

**Dual Goal: Hunt Terrorists and Bolster Israel's View of Counterparts**

By Tim Weiner  
New York Times Service

**WASHINGTON** — The Central Intelligence Agency has been training the security forces of the Palestinian Authority in the arts of espionage, information-gathering, interrogation and other techniques of the trade, U.S. government officials say.

With Israel's knowledge, the CIA's counterterrorism and covert-operations officers have been instructing senior and mid-level Palestinian security officials in the United States since mid-1996, the officials said. FBI agents who work at the CIA's Counterterrorism Center have also helped train the Palestinians.

The program has two aims, the officials said. The first is to increase the Palestinian security forces' professionalism and improve their ability to identify and arrest suspected terrorists, a task in which the officials said the CIA has succeeded in part. The second is to increase the Israeli government's confidence in the Palestinians, a political goal that has proven more elusive.

The CIA instructs its trainees in nonviolent interrogation techniques; its lessons prohibit torture. But the Palestinian security services have learned the CIA's lessons — is questionable.

Palestinian officials acknowledged in 1996 and 1997 that some members of the Palestinian security apparatus had abused suspects under arrest. It is unclear whether any of those Palestinian security officials had been trained by the CIA. For its part, Israel has acknowledged using what it calls "moderate physical pressure" on political suspects; human-rights groups call that pressure torture.

Curt Goering, deputy executive director of Amnesty International USA, said he had seen no improvement in the performance of the Palestinian security forces regarding human rights over the last two years.

No U.S. official would comment publicly on any aspect of the program, including Palestinian security services' human rights record.

The CIA's ties to the Pal-

estinian Authority and the Jewish state.

The CIA provides training and advice to the intelligence and security services of many nations besides the Palestinian Authority.

One of the agency's aims is to teach methods of interrogating suspects without torturing them. A 1963 CIA interrogation manual, recently declassified, discussed the uses of physical torture as a last resort. Twenty years later, the agency was telling foreign intelligence services that physical torture was counterproductive, but it still instructed them in the uses of mental torture and coercion.

The agency now teaches only nonviolent methods of interrogation, which can include friendly persuasion, verbal trickery and psychological pressure, in accordance with its own codes of conduct.

Those codes were revised in 1985 to exclude "the use of force, mental torture, threats, insults or exposure to unpleasant and inhumane treatment of any kind as an aid to interrogation."

Whether these milder techniques work on suspected terrorists — or whether the Palestinian security services have learned the CIA's lessons — is questionable.

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The CIA's ties to the Pal-

estinian services have a 25-year history. In 1973, Yasser Arafat, the Palestinian leader, sent an emissary to meet secretly with Vernon Walters, then the deputy director of central intelligence, to discuss how to "prevent radical assaults on the early peace process" between Arabs and Israelis, according to the memoirs of Henry Kissinger, the former secretary of state.

That Palestinian emissary was Ali Hassan Saleh, who was on the most-wanted list of Israeli intelligence service for masterminding the murder of 11 Israeli athletes at the 1972 Munich Olympics.

From 1973 through 1978, Mr. Saleh, better known as Abu Hassan, provided the United States and its allies with tips about the assassination plots of radical Palestinian organizations and other Arab terrorist groups.

In those years, the CIA set up a network of contacts within Mr. Arafat's Palestine Liberation Organization and various guerrilla groups in



**HOMECOMING** — Relatives waving to prisoners released from Syrian jails as they crossed the Syria-Lebanon border at Masnaa on Thursday. Syria released 130 Lebanese prisoners, mostly Christians, many of whom had been detained in Syrian prisons since the 1975-90 civil war in Lebanon.

## Israel Tries to Stifle U.S. Plan for Peace

**Netanyahu Unhappy With Proposal**

By Steven Erlanger  
New York Times Service

**WASHINGTON** — Prime Minister Benjamin Netanyahu has begun an intense campaign, deploying Israeli officials and lobbyists to prevent the Clinton administration from announcing a specific proposal for reviving peace talks with the Palestinians.

The Americans, in negotiations with both sides, have been refining their proposal for an Israeli withdrawal from the West Bank in parallel with Palestinian moves against terrorism. But the Israelis are unhappy with the size of the withdrawal suggested and with the reluctance of the Palestinians to move against radical groups.

The Israelis especially do not want the Americans to disclose their proposal before a compromise can be reached, saying public diplomacy will put unfair pressure on Mr. Netanyahu to accede on security issues.

Israeli officials, including the government's spokesman, David Bar-Ilan, are running around Washington seeing reporters, columnists and legislators like Senators Sam Brownback of Kansas and Jesse Helms of North Carolina, both Republicans.

And Mr. Netanyahu is enlisting American Jewish leaders to help stave off a plan that senior American officials swear is neither imminent nor inevitable. White House officials told Uzi Arad, Mr. Netanyahu's national security adviser, on Wednesday that there would be "no surprises" in the peace talks.

A senior administration official said later, "Public mediation usually fails."

But he said that if the stagnation continues, there is a "logical progression" that would involve "getting them to accept our reasonable proposals."

That is best accomplished with private diplomacy, the official said, although the idea of a speech by Secretary of State Madeleine Albright or by President Bill Clinton laying out the proposal has been discussed.

Israeli officials said they were concerned that Yasser Arafat, the Palestinian leader, was trying to block progress in order to push the Americans to intervene more forcefully.

Since Mr. Netanyahu knows Washington has made no decision to announce its proposal, some American officials say he is trying to limit the size of the American role itself by focusing his big guns now on a minor issue: a public announcement.

But those guns are blazing, and the White House has heard them.

On Monday night, at a dinner in Israel for the Conference of Presidents of Major Jewish Organizations, Mr. Netanyahu attacked the idea of American pressure on Israel. "Only the people of Israel can determine what their security needs are," he said; "and no third parties can impose what it should have as its security needs."

Howard Kohr, executive director of the American Israel Public Affairs Committee, said: "We believe that a strategy of pressure will be counterproductive for the peace process, leading the Palestinians to look to the United States rather than Israel as their negotiating partner."

Not everyone agrees. Jonathan Jacoby, executive director of Israel Policy Forum, said: "This fear is unjustified. The administration is proposing, not imposing."

The outlines of the American proposal, which have in fact been leaked to news organizations, include an Israeli withdrawal from 13.1 percent of the West Bank areas that it controls, in return for parallel Palestinian acts to fight terrorism. At the end of the withdrawal, which would be in three stages over three months, both parties would begin talks on a permanent peace agreement, and Israel would agree to halt expansion of Jewish settlements.

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## EDITORIALS/OPINION

**Herald Tribune**  
INTERNATIONAL

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

**Wrong Move for NATO**

NATO expansion received a strong endorsement this week from the Senate Foreign Relations Committee, but the most interesting thing about the Senate's handling of this issue is the ambivalence so many members express. Rarely has such an important matter seemed headed for approval with so little enthusiasm or attention. That should indicate that something is amiss. The United States ought not to take such a fateful step without a compelling justification and fervent conviction.

Serious doubts about the financial cost of enlargement remain, even among expansion supporters. There is considerable concern about the long-term effect on Russia of advancing NATO eastward. Some senators understandably resent White House pressure to approve the admission of Poland, Hungary and the Czech Republic because President Bill Clinton has committed Washington to the plan and Senate rejection now would undermine America's international leadership.

The clearest sign of ambivalence is a proposal by a Republican, John Warner of Virginia, and the Democrat Daniel Patrick Moynihan of New York to freeze expansion for three years after the first round of growth. The amendment is a well-intentioned but inadequate way of dealing with the fear that once begun, eastward expansion will be difficult to stop until it reaches the Russian border, a prospect that worries many senators.

almost as much as it does the Russians.

A freeze offers the illusion that NATO expansion can be stopped after the admission of Poland, Hungary and the Czech Republic, and that their membership alone will not produce a divisive new line across Europe. Neither assumption is true. Expansion will create a new East-West divide, and that in turn will produce great pressure for further expansion as excluded countries press to join the elite NATO club. Romania and Slovenia have all but been promised admission already.

To bring the NATO military alliance to Russia's doorstep is clearly to invite a resumption of chilled relations with Moscow and even to turn away from democracy in Russia. To stop short of the Russian border somewhere in Central Europe is to create two Europes, one democratic, prosperous and defended by American might, the other politically adrift, economically disadvantaged and militarily insecure.

It would be far better, as Mr. Moynihan proposes, to put off NATO expansion altogether and to let the European Union take the lead in unifying Europe through economic cooperation. Those senators ready to support NATO expansion should understand the political and financial price. Those who are uncertain should not vote for expansion in the expectation that it can be contained.

—THE NEW YORK TIMES.

**Starr's Chamber**

In the six weeks since the Monica Lewinsky scandal broke, the president's aides have been frantically launching diversionary flares to shift the public's attention from Bill Clinton's conduct. Most of these flares have sought to illuminate the flaws — real and imagined — of the independent counsel Kenneth Starr.

As White House spokesmen have shrouded Mr. Clinton's own behavior in the most general — and least informative — denials, they have issued shrill denunciations of everything from Mr. Starr's budget, to his party affiliation, to his other legal work. It is all an effort to portray the most powerful man in the world — a man who refuses to tell his own side of the story — as a victim, and it would be merely silly were it not working so well.

Of course, the independent counsel has, in part, himself to thank for its success. When the White House stuck out its foot last week, he seemed only too eager to trip over it — hauling Sidney Blumenthal before his grand jury to answer questions about the White House's efforts to smear him and his staff. It was a move that lent credence to all the portrayals of Mr. Starr as an overzealous prosecutor with an ax to grind against the president. It was the kind of favor that only an enemy could have done for Mr. Clinton.

But after a spectacularly bad week in which he seemed to us, as to others, to have stumbled into the hands of his critics, Mr. Starr appears to be back on track. Instead of investigating who in the White House may or may not have been digging up and peddling stories meant to discredit him, his staff and their joint effort, he has returned to the basic question of whether President Clinton lied, and either directly or through aides and associates, encouraged others to lie in the Monica Lewinsky case.

In the midst of all this distraction it is worth remembering what this investigation is supposedly about and why it remains important. The investigation

—THE WASHINGTON POST

**A Goofy Dome**

Last week Prime Minister Tony Blair of Britain unveiled plans for some of the contents of the \$1.24 billion Millennium Dome, now being built on the site of an abandoned gas plant in East London.

The Dome, designed by Richard Rogers, one of the architects of the Pompidou Center in Paris, is no more inane than most architectural behemoths. But the true goofiness of this project was not apparent until last week.

The Dome will contain 13 zones, among them the Spirit Level, where visitors will experience, in the planners' words, "a moment of peace and reflect on our deepest common beliefs." There will be a zone called the Learning Curve, exhibiting classrooms of the future; a Living Island intended to resemble a British seaside resort, as well as zones with contents still unspecified, called Transaction, Shared Ground, the

—THE NEW YORK TIMES.

Mind, Atmosphere and Time to Talk. Griefs of all will be the zone to talk the Body, which will inhabit an enormous, ungended human body.

We have seen the future and it is trivial. The plans for the Millennium Dome are at least a useful reminder of a painful truth: Humanity is never more inept than when it celebrates itself in masse, except when it tries to exhibit the future.

In a press conference last week, Mr. Blair compared critics of the Dome to those who opposed the construction of St. Paul's and the Crystal Palace. But futurists have only ever managed to portray the present. Whether by Mr. Blair's standards the Millennium Dome succeeds or fails, something unique will have been added to the London skyline — an immortal monument to 1999.

—THE NEW YORK TIMES.

**Herald Tribune**

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**Moving to the Middle: 'Neo-Progs' Seize the Day**

By E. J. Dionne Jr.

**WASHINGTON** — We live in a time when socialists say they're pro-business, when liberals say they're tough on crime and when faithful friends of the welfare state say they're for work and "personal responsibility."

A change is sweeping the world's democratic countries, and President Bill Clinton, for all his current troubles, can claim a big role in nurturing it. You could call it a lot of things: the movement of the left toward the center, the modernization of old ideologies, the creation of a new political position. Whatever it is, Mr. Clinton embodies it and Prime Minister Tony Blair of Britain flaunts it.

The latest victory of the new dispensation was secured this week in Germany when the Social Democratic Party, the country's venerable party of the left, named Gerhard Schroeder to lead it in this fall's elections.

Who is Mr. Schroeder? Josef Joffe, the editorial page editor of the German daily *Süddeutsche Zeitung*, describes him as "the little brother of Bill Clinton and Tony Blair — only perhaps more ruthless and flexible than either."

Mr. Schroeder hopes to oust Chan-

cellor Helmut Kohl, a Christian Democrat who is the West's most durable political figure.

He has survived in power for 16 years, four years longer than Franklin Roosevelt, a 67-year-old come-back kid.

But Mr. Schroeder presents Mr. Kohl with a problem: As Mr. Joffe puts it in a timely new report from the American Institute for Contemporary German Studies, Mr. Schroeder is "a centrist without the impotence of the center currently in power."

Mr. Schroeder seems safe and new at the same time. So Mr. Kohl will try to make him look unsafe by arguing that Mr. Schroeder would have to govern in coalition with the left-of-center Green Party.

Mr. Clinton, Mr. Blair and Mr. Schroeder revel in being on the high wire, balancing everything against everything else.

Mr. Clinton attacked the "brain-dead politics of the left and right" and says big government is dead while offering lots of small government. Mr.

Blair's signature statement: He is "tough on crime and tough on the causes of crime." Mr. Schroeder says he is for "social justice" (meaning that he will save the large German welfare state) and is also for the "modernization of the economy, the society and the state" (meaning that he will change the large German welfare state).

A Virginia politician named Bill Battle coined their slogan a couple of decades ago when he ran for governor declaring: "Neither left nor right, but forward."

All three politicians come from parties with ties to ideas associated with the left. Call them neo-progressives, or neo-progs for short. How you view them depends on bow you view their ultimate purpose.

Some see the neo-progs as adjusting the left to the triumph of capitalism. Their critics on the left thus call them sellouts who dress up market ideas in the nice clothing of social justice talk.

Others see them as trying to preserve the core commitments of the left in new times. Their critics on the right label them opportunists who dress up the welfare state in dynamic-sounding charter about markets and competition.

But with these guys there is always a third way: Both sides are right. Like it or not, parties of the left have to adjust to global capitalism. Whatever their rhetoric, they have always governed as if they accepted free markets. But they do not accept unregulated, uncontrolled markets. They do not think that those who lose out from economic change should be left without cash, health care or a second chance.

The fuzziness of neo-prog talk owes to their "a little of this, a little of that" politics. Government is important but must be reinvented; helping the poor is good but not in the way we used to do it; markets are great but need to be nudged and, sometimes, constrained.

The neo-progs are winning because, for the moment, they are closer to the public pulse than either the most enthusiastic free-market politicians or what remains of the old left. What their foes see as opportunism the voters see as common sense. That bet paid off for Mr. Clinton and Mr. Blair, and Mr. Schroeder — who promises "a social consensus ... anchored in the middle" — is putting all his money in the center of the table.

Washington Post Writers Group

**Pay Attention to Okinawans and Close the U.S. Bases**

By Patrick Smith

**NORFOLK**, Connecticut — Out of sight, out of mind. For Okinawa, that has been the rule for 50 years, during much of which the poor, remote prefecture has reluctantly been host to most of the U.S. military forces in Japan.

Two things are different now. Okinawa's opposition to the U.S. presence has been measured at the polls — and has turned out to be nearly universal.

That leads to the second point, recently brought into sharp focus: The United States is embarrassingly dependent on Japan's weak, corrupted democracy in keeping its 42 Okinawa bases intact.

These are reason enough to begin the painful removal of U.S. forces. Instead, Washington and Tokyo seem to be engaged in a dance of deception that no government claiming to enjoy the consent of its governed could justify.

Two years ago, after U.S. soldiers raped an Okinawan child, Washington and Tokyo made modest plans to move some facilities, briefly Futenma Air

Station, and to return land to its Japanese owners. Because the United States wanted to replace Futenma, negotiators proposed a floating helipad near the coastal town of Nago.

The helipad idea was a born loser. Cost estimates run to \$4 billion — this for an ecologically disastrous contraption that would probably prove unsafe during the typhoon season.

Even some U.S. Marines, who would use the thing, question its practicality.

In any case, the helipad idea has done little to assuage the anger the rape case aroused. In a prefecture-wide referendum on the U.S. bases held just over a year ago, Okinawans came out 9 to 1 in favor.

That was the first of three polls that together suggest Okinawa is now a problem that will be resolved only when Washington starts folding its tents.

Last December, Nago held a referendum of its own on the helipad to be floated off its shores. By most accounts, the official vote-buying one expects

in Japanese elections was rampant: Tokyo even threatened to withhold essential aid unless Nago accepted the airstrip. Voters rejected it nonetheless.

Nago's mayor quickly fell on his sword: He declared that Nago would accept the helipad anyway and then resigned.

Nago recently replaced its mayor. Tokyo's candidate won by 1,000 votes of 31,000 cast. Economic intimidation seemed to have taken its toll.

But now the election has exploded in Tokyo's face. Tateo Kishimoto, the new mayor, turns out to be a "one tsubo landlord," meaning he is one of 3,000 Okinawans who have bought plots the size of two tatami mats so that they can join protesting landowners.

Mr. Kishimoto quickly declined to advance the helipad and supports Governor Masahide Ota's refusal to act against the wishes of most Okinawans.

At this point, Washington, Tokyo and the Okinawans are back at square one. And it looks as if that is where defense of

officials on both sides of the Pacific want things to remain.

Tokyo has abruptly said it considers the helipad dead; thus allowing Futenma Air Station to remain undisturbed. Washington has ducked out the side door, declaring that the bases issue has somehow become an internal affair of the Japanese.

Okinawans are furious all over again, knowing from experience that Futenma and other bases are accidents waiting to happen. Small wonder that the skid-kiwi disaster near the Marines Corps base in Aviano, Italy, was front-page news in Okinawa papers.

Okinawans are not alone in opposing U.S. bases. On strategic and logistical grounds, there is high-level opposition within the Marines, who make up most of the 30,000 soldiers stationed in Okinawa.

Polls indicate that most Japanese are willing to turn ties with America into something new: an alliance without troops by 2010.

More immediately, it is clear that the Marines in Okinawa no

longer have a mission. North Koreans are starving with heavily reinforced U.S. troops at their southern border. From Beijing, Okinawa's Marines look more provocative than defensive.

The simple truth is that maintaining elements of an outdated strategy does not instill confidence among friends. Fresh thinking does.

It is difficult to see how anyone involved in the Okinawa charade, apart from its victims, can claim to practice democracy (to say nothing of playing a role as its global defender). Take it as it is a matter of principle or policy: Either way, the U.S. position is untrue.

Washington is gambling too much in a relationship that inevitably faces change. Drag the bases issue on long enough and the Japanese may demand more than just the removal of U.S. soldiers.

It is difficult to see how anything can be done to turn ties with America into something new: an alliance without troops by 2010.

The writer won this year's Kiriyama Book Prize for "Japan: A Reinterpretation." He contributed this comment to the International Herald Tribune.

**For Europe's Jobless, Self-Employment Might Work**

By Flora Lewis

**PARIS** — Muhammad Yunus — us — the Bangladeshi professor who, 21 years ago, launched an effective worldwide movement to reduce poverty by handing out \$27 in loans — has a certain disdain for the way industrial states, especially those in Europe, are dealing with their chronic massive unemployment.

"The world has forgotten the human tradition of self-employment," he says. "When people lived in caves they went out to help themselves. There was no state to ask for help."

His Grameen Bank, now copied by 458 programs serving nearly 15 million borrowers on all continents, is deliberately aimed at helping the very poorest climb onto the economic ladder. The thesis is microcredit: very small loans to

people who have nothing to start with but who want to help themselves.

It has proved self-sustaining. They pay back at the rate of 98 percent, which any commercial bank would envy, and go on to

from there.

There has been little effort to adapt the idea to the very different circumstances in industrial countries, where the answer to unemployment has become benefits until jobs are created. But it is an idea well suited to changing modern economies, as well as to the fight against endemic poverty.

The notion of jobs, after all, is a direct consequence of the Industrial Revolution. People have always labored, but it was not until production began to be

needed to bring broad-scale results in industrial countries.

One would be the provision of advice on how to do business, set prices and so on. The U.S. Small Business Administration gives some successful examples, but a big new bureaucracy is not necessary. With earlier retirements and longer life spans, there are many people who would be glad to volunteer as a kind of commercial godparent to the would-be self-employed.

## OPINION/LETTERS

## As Murdoch Courts China, Conservatives Keep Mum

By Frank Rich

**N**EW YORK — Remember the biased "mainstream media" that would stop at nothing to protect the Clinton White House? Funny how you don't hear about that anymore. If there's one certain casualty of Monicagate so far, it's the notion that the likes of Newsweek, The Washington Post, The New York Times and the big three television networks will suppress news out of loyalty to a supposed liberal comrade.

This was always a canard. It's conservative media that more often do nothing for their ideological own. The most unabashed partisan figure among media magnates is hardly Katharine Graham or Michael Eisner — it's that naturalized American citizen, Rupert Murdoch.

Citizen Murdoch not only uses his empire to promote his allies and punish his enemies (from Bill Clinton to Ted Turner); he goes so far as to put politicians on the payroll. That brilliant author Newt Gingrich was offered \$4.5 million payday from Murdoch's publishing house, HarperCollins, just as telecommunications matters financially crucial to the mogul's Fox properties were in play on Capitol Hill.

Last week it was revealed by the London newspaper The Daily Telegraph that Mr. Murdoch had again misused HarperCollins, this time in a manner that even his political allies might find offensive. Yet there has been mostly silence from conservative journalists about this scandal — even in American media properties that Mr. Murdoch doesn't own.

What Mr. Murdoch did was to see to it that HarperCollins canceled its scheduled publication in Britain of a memoir by Chris Patten, the last British governor of Hong Kong. The Telegraph uncovered a smoking in-house memo that revealed why: Mr. Patten's son had been to criticize the government of China, whose favor Mr. Murdoch needs if he is to expand his TV and movie deals in the vast market it controls.

This is at least the fourth time that Mr. Murdoch has sold out the principles of an independent press to curry favor with China. He removed BBC World News from his satellite TV broadcasts to China after the Chinese complained of its coverage of dis-

sidents; he had HarperCollins publish a propagandistic biography of Deng Xiaoping by Mr. Deng's daughter while her father was still in power; he invested millions in a joint venture with The People's Daily, China's Communist Party paper.

Mr. Murdoch's latest outrage should horrify anyone who believes in human rights, particularly American conservatives who have spoken out about religious persecution in China. They would cheer Mr. Patten's book. In pages I've seen from the manuscript-in-progress — to be published in the United States this fall by Random House's Times Books imprint — he eloquently rebukes unnamed Westerners who pursue the "crude and cynical strategy" of "tempering criticism of China's behavior at home or abroad in return for market access."

Mr. Patten further argues that the "sensible management of a developing economy" should have nothing to do with "toruring people, censoring what they can read or write, locking them up without due legal process, hunting opponents into silence or exile, dispersing crowds with bullets." What does it tell us about Rupert Murdoch's journalistic priorities that he would kill Mr. Patten's book at the same moment his Fox News Channel (slogan: "News without bias") hires the cyber-gossip Matt Drudge?

In England, the journalist and historian Timothy Garton Ash has dumped HarperCollins as his publisher; the novelist Doris Lessing, another HarperCollins author, has declared Mr. Murdoch's editorial intervention so shocking she can't find words for it.

In America, let's see how much of this scandal even makes it into Murdoch publications like the New York Post and The Weekly Standard, let alone if any prominent conservatives, whether HarperCollins authors like Robert Bork and Peggy Noonan or not, speak up in protest.

Will those who have accused the "mainstream media" of being in cahoots with a Democratic administration remain silent while their own media patron toadies to the most powerful totalitarian government in the world?

The New York Times.



## LETTERS TO THE EDITOR

## Clinton and Lewinsky

Regarding "Keep Low's Long Arm Out of the Bedroom" (Opinion, Feb. 25) by Anthony Lewis:

Certainly Mr. Lewis, a distinguished legal commentator, must recognize that the accusations arising from the Clinton-Lewinsky matter are not issues of sex in the bedroom. In most jurisdictions, the law has moved away from attempting to regulate the activities of consenting adults in the privacy of the bedroom.

The law does, however, govern sexual relationships in the workplace. Paula Jones has claimed that Bill Clinton used his position to negotiate a sexual relationship with her when she was a state employee. So her lawyers have the right to question Mr. Clinton about any sexual relationships in the workplace and to receive truthful answers. Or is Mr. Lewis suggesting that all defendants in a sex harassment suit be permitted to lie in their depositions?

It is unacceptable if Mr. Clinton has lied or attempted to influence others to lie in a federal lawsuit. If he has done so, Kenneth Starr, the independent counsel, is justified in looking into whether there is a pattern of lying that has impeded the Whitewater investigation.

ROBERT EDWARDS  
Singapore

Three cheers for Anthony Lewis's article! When reporters have the cheek to ask President Clinton whether he has had a sexual relationship with a particular individual, he should simply say, "No comment."

Any such relationship is a matter only for Mr. Clinton and his wife.

JAMES E. WARRING,  
Herrliberg, Switzerland

While I generally concur with Mr. Lewis's theme, I find it interesting that Americans seem to have no particular problem with the notion that the president of the

United States might have had an inappropriate relationship with a 21-year-old White House intern, but find it reprehensible that U.S. Army drill sergeants had relationships with trainees at the Aberdeen base in Maryland.

The applicable theory in the Aberdeen case was that a drill sergeant was in such a position of power that a relationship could not be deemed consensual. Is the power relationship between "the most powerful man in the world" and a young White House intern any different?

Indeed, the same public and news media that recently found General Joseph Ralston an unacceptable candidate for chairman of the Joint Chiefs of Staff because of an affair some 10 years earlier now appears ready to believe that the alleged misconduct by the commander in chief of those same armed forces has no bearing on his fitness for office.

T. C. JONES,  
Kronberg, Germany

The Unbelievable Truth:  
Making It Believable

By Brett Kline

**A**USCHWITZ, Poland — A girl leaned against a wall, convulsed with sobs. Two of her classmates hugged each other and cried.

A trip to Auschwitz is not like any other.

The litany of horror and death began with the huge black and white photographs: the babies

## MEANWHILE

screaming, the mothers pleading for help, the emaciated men with their striped uniforms. Then came the mountain of shoes and boots and human hair. "It's unbelievable," the teenagers repeated over and over.

Just as Auschwitz is not an ordinary visit, the 200 high school students touring here were not so ordinary themselves. They came from Marselle and three towns nearby, the working-class towns where the mayors and town councilors are from the extreme-right National Front party, headed by the charismatic Jean-Marie Le Pen. The trip was organized by the group SOS Racism, in conjunction with human rights centers and the French education and transportation ministries.

The occasion was the 53d anniversary of the liberation of the camp by the Red Army. Now, in their early 70s, came to tell their stories. They worked very hard to show the students that the truth may be unbelievable, but it is the truth.

As he looked around a gas chamber, one of the students, a 17-year-old Algerian named Nouredine who had recently moved to France, said he knew this was helivable.

Did he know that the vast majority of those killed at Auschwitz were Jews? he was asked. Yes, he had learned that. Why? He had learned that Hitler did not like Jews. Why? He shrugged. He really didn't understand the politics, nor the long history of anti-Semitism in Europe.

Horrors and deaths are happening in my country, too, he said. But did he know that the Nazis had killed 6 million Jews for no political or military reason, and that horror is unparalleled?

Nouredine smiled for a split second. "I respect that fully," he said. "But I'm telling you, when

you're standing in a marketplace with gasoline-soaked bodies everywhere, you feel the horror. You don't think about comparing it with other horror."

Perhaps, to believe and understand and visualize one people's horror, a person must live through his own.

Then the students walked in the Birkenau camp, on the frozen ground next to the railroad track leading to the selection ramp, under the red-brick archway in all the famous photos. No one was crying anymore. It was too cold.

One of the survivors showed the students how the prisoners had slept in the wooden barracks. He cracked jokes, explaining that a sense of humor was the only way he had of dealing with the memories. Will the students remember all this? he was asked. Even if this changes the lives of only a couple of students, this is worth it, he said.

He is right, and SOS Racism is right to bring students like these to Auschwitz. After this visit, will more of them follow the trial of Maurice Papon, the Vichy official accused of directing the deportations of more than 1,500 Jews to Auschwitz? Will the students pay more attention to the success of Mr. Le Pen?

I don't know, but education is the answer, education at any expense. Every high school student in the world should visit Auschwitz. Of course, this would cost a fortune, and would be a worthy global project for the United Nations and the World Bank. The profits would be incalculable.

SOS Racism had received requests from one of participating schools to include on this trip several youngsters from activist National Front families. Fearing violence, SOS Racism refused.

This was a mistake. Two or three National Front youngsters should have come along, so that the next time Jean-Marie Le Pen says that the gas chambers were just a minor detail in World War II, they could report back to their parents that he is wrong.

We have seen the horror, they would tell them. It would be worth the risk to tell the truth.

The writer, a journalist in Paris, contributed this comment to the International Herald Tribune.

## BOOKS

SERIAL KILLERS:  
Death and Life in America's Wound Culture

By Mark Seltzer. 302 pages. Paperback. \$18.99. Routledge.

OF MEN AND MONSTERS:  
Jeffrey Dahmer and the Construction of the Serial Killer

By Richard Tihocan. 192 pages. \$24.95. Wisconsin.

Reviewed by Chris Bull

**B**EIDES the president and the Pope, one of the few people whom a majority of Americans can identify consistently in surveys is Jeffrey Dahmer, whose 17 sensational murders of men and boys made him a household name. Mark Seltzer and Richard Tihocan, the authors of illuminating new books that seek to make sense of the uniquely modern phenomenon of serial killers, contend that the public's dark obsession with Dahmer and other killers actually says more about the society in which we live than about the killers themselves. Dahmer, writes Tihocan in "Of Men and Monsters," has become the "archetypal figure of impurity, the representative of a world which needs cleansing."

For Seltzer, a professor of English at Cornell, the serial killer of the popular imagination is the product of the "machine culture," the relationship between graphic violence and the "technologies of registration, recording, and reproduction," which feeds the "wound culture," a public fascinated with murder and mayhem. Drawing with equal dexterity on sources ranging from the gay pulp novelist Dennis Cooper to the French philosopher Michel Foucault, Tihocan argues that Americans' fascination with serial killers can serve to "explain how and why our society is put together the way it is, to illustrate its preoccupations, anxieties, and fantasies." He explains that the prominence of serial killers like Dahmer can justify the "dominance of the police mentality" and contribute to a dangerous increase in the "powers of law enforcement — specifically, the

less series of torn and opened bodies and an endless series of emotionally torn and exposed bio-technicians." This culture elevates private suffering to public spectacle, in which "serial killing finds its place." In one particularly insightful passage, Seltzer demonstrates the symbiotic relationship between former FBI "trinhunters" John Douglas and Robert Ressler and the crime novelist Thomas Harris, the author of "The Silence of the Lambs," who, according to Seltzer, got the idea for the book while attending FBI seminars. "The distinctions between fact and fiction and between bodies and information vanish," Seltzer writes.

Seltzer traces the origin of serial killing to the ghastly turn-of-the-century case of H.H. Holmes, a wealthy "businessman" who constructed a 100-room "murder castle" in Chicago that allowed him to take life at will by injecting gas or fire into the rooms. Holmes, according to Seltzer, drew his inspiration from the city's new stockyards and slaughterhouses. Holmes profited from his killing by insuring his victims — mostly women — and then collecting on the policies.

Seltzer's indictment of the serial killer culture — marred occasionally by jargonistic, deconstructionist prose — is scathing. But by focusing so heavily on the culture at the expense of the individual, he risks obscuring the killer's personal responsibility for such reprehensible acts. For his part, Tihocan, also the co-editor of "My Secret Life: An Erotic Diary of Victorian London," is adept at shifting between postmodern and other equally magnifying lenses.

Drawing on the writings of the French philosopher Jacques Lacan, Seltzer sees the serial killer as a sort of performance artist around which we gather in an unhealthy attempt to excuse our own demons.

In Seltzer's "Serial Killers," modern entertainment culture creates the conditions for the serial killer, not the other way around. The popular television drama "ER," for instance, is an "end-

ing spade lead was ducked around to her king, and she made a good play by leading the heart jack and winning with dummy's king. She then ran the club 10, losing to the jack.

West for the United States was Irma Levittina, and she made a fine play by shifting to the diamond nine, but it was too late. This ran to the jack, and the defense was poised to score four diamond tricks.

But they had no opportunity. South cashed the heart queen, revealing the bad split, and took the marked finesse of the heart nine. She cashed the last heart in dummy and

led the club nine for a winning finesse to make an overtrick.

In the replay the American declarer led the ace of clubs at the second trick. If she had guessed to follow with the queen she would have succeeded, but she led a low club next. The British West, Liz McGowan, won with the jack and made the same fine play of the diamond nine, losing to the jack.

Now her partner, Heather Dhondy, was able to win the next club lead and lead the diamond queen to pin dummy's ten. The result was 3-4 Pass 3-0 Pass Pass Pass

The bidding: North East South West  
Pass 2 NT Pass Pass  
The bidding: North East South West  
Pass 2 NT Pass Pass Pass

East and West were vulnerable

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## Iron Fists Along Uzbekistan's Silk Road *Amid Beautiful Buildings, Memories of Ill-Tempered Tyrants*

By Stephen Kinzer  
*New York Times Service*

**B**UKHARA, Uzbekistan — Fifteen days in Uzbekistan! It is a prospect to delight the heart of any adventurous traveler. Here is an ancient Central Asian land of teeming bazaars and spectacular architecture, comprising domains once ruled by Alexander, Genghis Kahn and Tamerlane. Last October I traveled overland to nearly every part of the country, and like every traveler I found some images especially vivid.

One of them was the Bug Pit, a way station of history where a particularly gruesome episode in the vast geopolitical struggle known as the Great Game was played out.

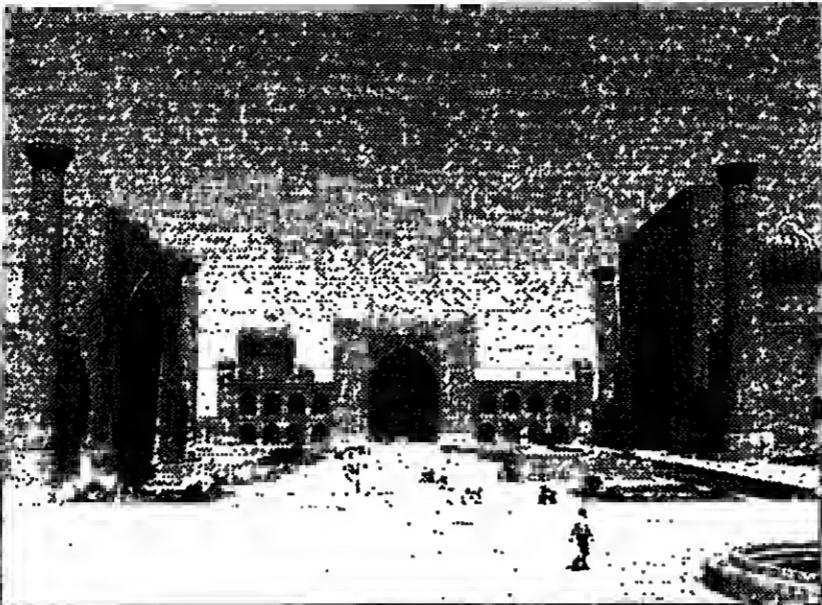
Bukhara, where the Bug Pit lies, was once the center of a powerful khanate, and visitors may still see many of the buildings where the emirs and nobles lived, ruled, worshiped and are buried. The main fortress, the Ark, was heavily damaged by fire in 1920 as Bolsheviks were wresting control of Bukhara from the last emir, and what stands today is an imposing but still ersatz version. The square in front of it, once the site of an infamous slave market, is now quiet and well kept.

In Bukhara, as in Samarkand and Khiva, the two other ancient cities of Uzbekistan, most of the great sights are within a compact area and best seen on foot. I stood in awe before the Ismael Samani mausoleum, a 1,000-year-old edifice built in an almost perfect cube measuring 35 feet on each side. Its exterior is an intricate pattern of delicate masonry that resembles the weaving on a fine basket. The dome, built to symbolize the heavens, complements the cubic form that represents the earth and also the Kaaba, the rectangular sacred stone of Mecca.

### TILES AND CRUELTY

The majesty of this mausoleum, the colorful tiles that cover the facades of the Modar-i-Khan madrasah and the Abdullah Khan madrasah opposite, both religious schools that date from the 16th century, and the wooden-pillared Bolo Hauz mosque all excite a sense of astonishment. They reflect the magical beauty that has made the very name of Bukhara a symbol of mystery and romance. But the history of Bukhara is also one of great cruelties, and they too, echo through the dusty streets.

The most visible symbol of the harsh justice that was administered in Bukhara during past epochs is the



Registan square in Samarkand is a masterpiece of symmetry.

towering Kalon minaret, built in 1127 by a khan who wished to be called to prayer from the grandest minaret in the world. So it was, standing 155 feet (47 meters) tall and measuring 30 feet in diameter. For centuries it has been a symbol of religious faith, but it also had a grisly temporal use. On market days, condemned criminals would be led up its 105 steps, displayed to the mass below while their crimes were enumerated, then sewn into sacks and hurled to their deaths.

**HARD TO FIND** The Bug Pit was not easy to find: I had to locate the ancient jail, which lies outside the Ark complex behind a block of mud houses. There, an attendant silently led me to it.

One famous player of the Great Game, which was essentially a high-stakes diplomatic confrontation between Russia and Britain for control of 19th-century Central Asia, was Colonel Charles Stoddart, an archetypal adventurer who arrived in Bukhara in 1838 hoping to win the emir's sympathy for the British cause. The emir, a deranged sadist named Nasrullah, not only rejected his overtures but cast him into a filthy pit that was crawling with rodents and insects. He remained there for much of the next two years until the appearance of a fellow officer, Captain Arthur Conolly, whose recklessness may have been partly a result of depression at being jilted by his sweetheart. Conolly planned to win his comrade's freedom, placate the emir and then unite the

khanares of Bukhara, Khiva and Kokand under British influence. Things didn't work out quite that way, however, and Conolly was also thrown into the pit.

Both men remained there until a June morning in 1842, when they were led out to the square in front of the Ark. Both were executed before a cheering crowd; their remains, according to some accounts, still lie beneath the jail, black and chilling.

The Uzbek capital of Tashkent is where most visitors begin their trips, is a not unpleasant city, spread out over a large area and laced with broad, tree-shaded avenues. It was devastated by an earthquake in 1966, and only scattered neighborhoods remain to show the old way of life. Today it reflects the contradictions of a poor country striving to enter the modern world. Contemporary stores and hotels stand among homes whose residents must scrape by on survival wages.

Probably the best-known destination in Uzbekistan is Samarkand, the capital of Tamerlane's empire. "Let he who doubts our power look upon our architecture," Tamerlane is said to have boasted. Today it is still possible to see much of what he meant. Standing in the Registan square and gazing at the turquoise domes and inlaid facades and minarets, one senses the power and majesty that this terrifying conqueror sought to convey.

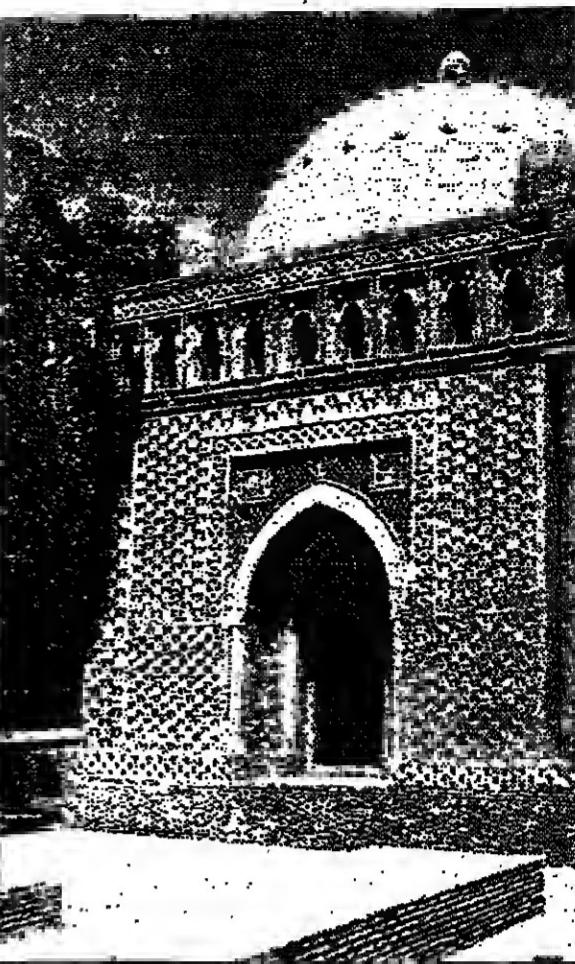
The gilded cupola over the magnificent mausoleum where Tamerlane is buried beneath one of the world's largest slabs of jade makes an ideological and political point as well as an architectural one. But on the outskirts of Samarkand I learned about another great figure from the city's past whose life reflects very different ideals. He was Ulug Beg, a 15th-century humanist who became a pioneer in mathematics, medicine and astronomy as well as a historian, poet and composer. A grandson of Tamerlane, he built one of the world's first sophisticated observatories and from it plotted more than 1,000 stars. "Religions dissipate like fog, kingdoms vanish, but the works of scientists remain for eternity," he proclaimed.

Such sentiments were not appreciated by obscurantists at the royal court, and at the age of 54, Ulug Beg was seized and beheaded. His observatory, denounced as a font of evil, was demolished. Its location was rediscovered in 1908, however, and his 36-foot-long arched sextant was unearthed. A copy of the observatory has been built around it and is open to the public. This building, like too much of Samarkand and other ancient Uzbek towns that are now tourist attractions, is essentially a fake, but it does make clear that consigning foreigners to the Bug Pit was not the only way this land's past leaders did to amuse themselves.

**A**FTER Bukhara and Samarkand, the other great destination in Uzbekistan is Khiva. Always among the most remote of Silk Road outposts, it is a full-day car ride across the western desert from Bukhara and thus less visited. The trip is well worthwhile. Khiva is a city with just 40,000 inhabitants, and its core is an open-air museum, more intact than either Samarkand or Bukhara. It is a maze of mosques, palaces, religious schools and homes, most of them enclosed within an area less than one mile square.

I was most impressed by the Tash Hauli palace, built in the 19th century as a residence for the emir, his entourage and harem, and now a museum. The first architect assigned to build it ventured to protest that his 163 rooms and three courtyards could not be completed in the assigned three years. For his impudence he was promptly impaled; nonetheless construction took eight years, even with the labor of 1,000 slaves.

The palace displays some of the world's most impressive ensembles of ceramic tiles, together with colorfully carved wooden walls and ceilings. In one courtyard stands the platform where



The Ismael Samani mausoleum in Bukhara, an arc-

the emir received petitioners, facing a large circular stone on which his tent was erected during winter months.

Several hours by car from Khiva, but also reachable by plane from Tashkent, is the remote town of Nukus, capital of an autonomous region called Karakalpakstan.

Nukus, a city of 180,000, is distinguished chiefly by two impressive institutions, both run by determined women who have devoted their lives to fighting all manner of obstacles in order to raise the region's cultural level. One is an art museum with an astonishingly rich collection of Karakalpak crafts and also Russian art, most of the latter from the avant-garde of the early 20th century. The paintings include evocative oils by Robert Rafailevich Falk, geometric figure studies by Liubov Popova and colorful gouache and aquatint impressions of local life by Viktor Ufnar.

The other, not far from the museum, is one of Central Asia's most remarkable schools, the Progress Center, where local children and adolescents are taught English and business skills in an effort to give them and Karakalpakstan a chance to join the modern world.

At the other end of Uzbekistan is the Fergana Valley, the most densely populated region of Central Asia. It is an ideal jumping-off point for treks through the pristine mountains of adjacent

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Richard Tomlinso

based journalist.

## Life Among the Scenic Wonders, Where the Qings Beat the I

By Richard Tomlinson

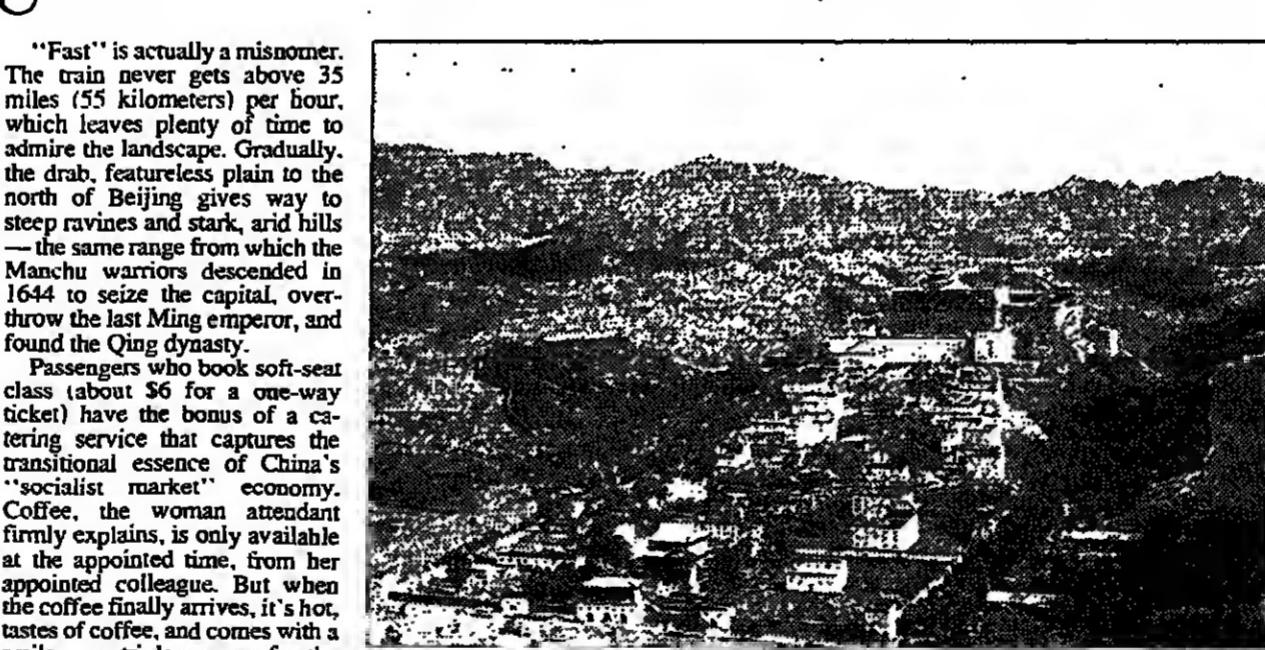
**C**HENGDE, China — Spring has reached Beijing, bringing the year's first crop of foreign tourists in search of a 5,000-year-old civilization. As they trudge from one site to the next, do their spirits sag?

The Summer Palace — burned to a cinder by the British and French in 1860; the Forbidden City — ransacked by the defeated Nationalists in 1949; the Great Wall at Badaling — comprehensively rebuilt by the Communists in the late 1950s. If the tour guides were honest, they'd admit that whole chunks of Beijing's heritage are missing.

Not far from the capital, however, is a small town that has retained far more of the past than most Chinese cities. Chengde — formerly known as Jehol or Rehe — is where the Qing emperor Kangxi began to build his "Escaping the Summer Heat Mountain Villa" in 1703.

### COOL IN THE MOUNTAINS

Each year the emperor and his successors returned to their cool resort, set in the hills of Hebei Province about 150 miles northeast of Beijing. To enhance the view from his villa, Kangxi decreed that the surrounding parkland should be dotted with 36 "scenic wonders"; not to be outdone, his grandson, Emperor Qianlong, decided to double the number. That makes 72 potential reasons (plus the villa) to take the fast train to Chengde, which leaves Beijing each morning at 7:30.



Chengde's most famous fake: a replica of the Potala Palace in Lhasa.

painter, who hangs out in the hotel shop.

**IN RESIDENCE** Ding is no artist in residence. A brass plaque announces that he is a "VIP of the World," and if one lingers too long by his counter he obligingly activates his ready-to-roll promotional video. There's no need to form a critical assessment of Ding's oeuvre; he's happy to deliver his own opinion.

By now, it's early afternoon — time enough to explore the royal buildings

and surrounding park before sundown.

Having chosen the most literal name for his mountain villa, Emperor Kangxi seems to have exercised maximum poetic license with the constituent pavilions. On a crisp early spring day, for instance, the Hall of Refreshing Mists and Waves, is noticeably lacking in romantic vapor. But the ambience evidently inspired Kangxi, because it was here that he ordered the first of Chengde's 72 scenic wonders.

So where are they? The travel books quibble. O.K., it's true that Chengde

suffers its own historical deficit problem. War, destruction and time have definitely reduced the scenic wonder quotient. But who can complain about a stately, 590-hectare (1,450-acre) park — the largest royal garden in China — which still offers such curiosities as the Moonlit River Hall, the Zigzag Path and the Cloddy Causeway. And if one tires of scenic wonders, there's a scattering of natural marvels in the surrounding hills, with the eye inevitably drawn to the so-called Peak Like an Inverted Washing Cloth. Sadly, the Shortest River in the World

provides too short to locate.

Having worked up an appetite, one could head for Chengde's main thoroughfare to eat some street food. Or, then again, not. Chengde is famous for its wild game (think sparrow kebabs), but vendors win no prizes for their hygiene standards.

Downtown Chengde is worth a visit, though, if only to sample a pungent blast of modern Chinese street life. Sidewalk bookellers flog everything from the speeches of Chairman Mao to lurid "real life" crime magazines. Nearby, hawkers sell rip-offs "Oidas" and "Nikc" sports jerseys.

And if one doesn't want to play safe and eat at the hotel, there's always the Tianwaiyan (literally, Outside Heaven).

It's Chengde's best stab at an international establishment, with clocks keeping track of London, Paris and New York time, and a miniature

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## THE KIDS COLUMN

*A Short Course in the Circus*

By Barbara Rosen

**L**ONDON — It's hard to put into words the look of gleeful triumph ooze your 4-year-old's face when she balances for the first time atop a 28-inch (70-centimeter) ball, or walks the length of a tightrope.

My daughter and I went to circus school.

On weekends, Albert & Friends brings everything from miniature unicycles to 12-inch stilts and a low-wire right into the main sanctuary of an imposing church in Hammersmith. The two Saturday morning drop-in sessions, open to children from 15 months to 6 years and from 7 to 18, cost £4.50 (\$7.40) and £5.50, respectively; they also offer after-school and vacation-time courses.

"We're unique in that we take them as soon as they can walk," says Albert (real name Ian Scott Owens, 51), a burly, bearded man with a ponytail and a great deal of patience. "The stuff's here to play with. That's what it's all about."

As classical music reaches the rafters, Albert and two cohorts wander among mats, stacks of hoops, sacks of Chinese flower sticks and bean bags for juggling, and assorted unicycles and stilts. Periodically they demonstrate, then offer a hand when a child (or parent) shows interest. They also make coffee and hand out cookies. At one point Albert organizes the 20 or so kids present into games with a parachute, including pulling the whole group around on the polished wood floor.

Nothing is off limits, he explains as my daughter starts to play baseball with a juggling pin, except throwing

things at other kids and ascending the steps to the altar. "If they won't enjoy then they won't do," he says. "We spend half our time teaching children how to play."

It's remarkably peaceful for a playground, not to mention a circus. A seated and sliding 8-month-old delightedly pushes around a "rolling globe" at least four times her size. A 7-year-old tries unicycling between the church seats. A 6-year-old boy gets used to the 12-inch stilts by embracing and circling a giant pillar, while an accomplished 11-year-old jumps rope on the 18-inchers. Truly committed kids can join the Albert & Friends



Instant Circus, which performs around the world.

Albert & Friends is just one of a variety of groups offering children an introduction to the circus arts. In Paris's 19th arrondissement, the Ecole Nationale du Cirque has children's courses on Wednesday and Saturday afternoons for 8-year-olds and up. (Older children can attend the related, full-time Lycée Professionnel Privé Fratellini.) In Belgium, l'Ecole de Cirque de Bruxelles offers introductory courses from 3 1/2 years, and more technical circus arts from 6.

Scratch the surface and you can quickly get inundated with lists of "circus schools" almost anywhere. But it's wise to be wary when choosing

things. "Anybody could go and buy three juggling balls... and create absolute havoc," warns Steve Ward, founder and secretary of the National Association of Youth Circus, an organization based in Leeds with a mission to develop the circus arts for, and by young people."

The NAYC's member groups (103 in Britain, Ireland, continental Europe, Australia and the United States) agree to abide by a code of practice that recommends, for example, having at least two spotters for stilt-walking.

"Circus is potentially dangerous," says Ward, a teacher of creative arts full-time, and clowning and juggling in his spare time. "And if [the activities] are not done in a controlled way and a careful way, they can lead to accidents."

Among the things parents should look for, says Ward, is a well-organized space, constructive and organized activities, and equipment that's kept in good shape. And even if parents aren't asked to stay, he says, "I think it's a good idea to stick around for the first one or two" sessions.

On that Saturday morning in Hammersmith, moms and dads held small hands on the low-wire, held hoops for tumblers to dive through, and held up their stilt-walking offspring. In between they drank coffee and tried to remember how to hula-hoop. As each kid, including my own, happily conquered circus arts from spinning plates on a stick to shuffling along atop the rolling globe, I kept dropping bean bags — and was only trying to juggle with two. Rhythm, Albert told me, it's all a question of rhythm. That may be. But it certainly isn't all child's play.

Barbara Rosen is a free-lance journalist based in London.

## ARTS GUIDE

## AUSTRIA

**VIENNA** Kunsthistorisches Museum, tel: (1) 5325-24-403, closed Mondays. Continuing/ To April 14: "Bruegel: Tradition und Forschung." 12 paintings by Pieter Bruegel the Elder and 20 works on paper and 200 paintings by his two sons.

## BELGIUM

**BRUSSELS** Musee d'Art Ancien, tel: (2) 508-32-11, closed Mondays. To June 28: "Rene Magritte." More than 200 paintings, gouaches, drawings and objects by the Belgian Surrealist artist (1898-1967). The paintings depict a mysterious world born from the unexpected juxtaposition of ordinary elements.

## BRITAIN

**LONDON** Hayward Gallery, tel: (171) 928-3144, open daily. Continuing/ To April 5: "Francis Bacon: The Human Body." Brings together paintings from 1945 to the mid-1980s that focus on the human figure, Bacon's central subject. Tate Gallery, tel: (171) 887-8000, open daily. Continuing/ To May 17: "Bonnard: Nearly 100 landscapes, still lifes, interiors, the celebrated bathroom pictures and self-portraits by the French painter (1867-1947). Also, to June 21: "Turner and the Scientists: An Artist in Two Cultures." Explores the nature of Turner's relationship with scientists and architects of the early 19th century, and reveals the impact of scientific ideas on the British painter's art.

## CANADA

**TORONTO** Art Gallery of Ontario, tel: (416) 977-0414, closed Mondays and Tuesdays. To May 3: "The Warhol Look: Glamour Style." How style and fashion mingled with fine art and film through Warhol's life and work. The selection of works also includes paintings, clothing, photographs and works by other artists and designers.

## DENMARK

**COPENHAGEN** Nationalmuseet, tel: 45-33-44-11, closed Mondays. To May 21: "Art and Magic: A Journey Among Eskimo Masterpieces." Small figures, carvings and tools decorated or showing naturalistic representations of the Arctic animal world.

## FINLAND

**Helsingfors** The Museum of Foreign Art, Sheibyff, tel: (0) 17-33-61, closed Tuesdays. To May 31: "Luxury: Gold and Jewellery of Pompeii." Approximately 150 artifacts, pendants, rings and bracelets excavated at Pompeii, the opulent Italian port that was buried under ashes and cinders after the eruption of Mt. Vesuvius in 79 A.D.

## FRANCE

**Grenoble** Musée de Grenoble, tel: 04-76-33-44-44, closed Tuesdays. To June 1: "Le Sentiment de la Montagne." Covering 150 years of painting up to the early 20th century, the exhibition of 200 works features mountain Landscapes by Joseph Vernet, Pernin, David, Friedrich, Magnier and Schwitters, among others.

**Paris** Bibliothèque Nationale de France-Tolbiac, tel: 01-53-79-59-59, closed Mondays. Continuing/ To May 17: "L'Aventure des Ecritures." Birth and development of writing: from cuneiform to Chinese hieroglyphs and Arabic calligraphy, to modern letters.

**Stuttgart** Musée d'Art Moderne de la Ville de Paris, tel: 01-53-67-40-00, closed Mondays. Continuing/ To May 17: "Lumière du Monde, Lumière du Ciel." A survey of 20th-century art in Scandinavia, including the works of 20 young con-

## PORTUGAL

## LISBON

Centro Cultural de Belém, tel: (1) 301-9800, open daily. To May 31: "A Prova de Água." Brings together photographs by Fenton, Moholy-Nagy, Modotti, Cartier-Bresson and Mapplethorpe whose lenses captured water in all its forms.

## SPAIN

MADRID Museo Nacional Centro de Arte Reina Sofia, tel: (1) 41-67-50-62, closed Tuesdays. To April 13: "Eduardo Arroyo." A retrospective of 40 years of work by the Spanish painter (born 1937) that covers his years of exile in France and Italy until Franco's death in 1975, as well as paintings created after he returned to Spain.

## SWITZERLAND

LAUSANNE Fondation de l'Hermitage, tel: (021) 320-50-71, closed Mondays. Continuing/ To June 1: "Pointillisme: Sur les Traces de Seurat." A selection of more than 100 Pointillist paintings and drawings by more than 40 artists including Seurat, Signac, Jan Toorop and Picabia. The works were created between 1882 and 1886.

## UNITED STATES

CHICAGO Art Institute, tel: (312) 443-3600 open daily. To May 3: "Bernini's Rome: Italian Baroque Terra-cotta from The State Hermitage, St. Petersburg." 35 small terra-cottas by Italian masters of the 17th and early 18th century. The works were brought by a wealthy Venetian patron in the 1750s and the collection was completed by the count of Russia in 1800. Also, to May 10: "Balinese African Art/Western Eyes." Focuses on the art of the Balua people of Bali, Indonesia, with more than 125 masks, statues, figures, jewelry and objects of daily use in wood, gold and other materials.

## ITALY

OSAKA Osaka Municipal Museum of Art, Tel: (6) 771-4574. Continuing/ To March 22: "Angkor Wat and 10 Centuries of Khmer Art." From the 6th to the 16th century, Cambodian artists created monumental gods, female dancers and legendary creatures in sandstone. The works embrace both Buddhist and Hindu traditions.

## NETHERLANDS

ROTTERDAM Kunsthal, tel: (711) 212-4050, closed Mondays. Continuing/ To June 7: "Black or White: Colonial See by Africans." Colonies, traditional African figures with a European element, were carved during the colonial era.

## CLOSING SOON

March 4: "Arte Italiana: Ultimi Quattro anni." Galleria d'Arte Moderna, Bologna.

March 5: "Twelve Centuries of Japanese Art from the Imperial Collections." Arthur M. Sackler Gallery, Washington.

March 6: "Azzedine Alaïa." Groninger Museum, Groningen, Netherlands.

March 9: "Bruce Nauman: Image/Text, 1968-1996." Centre Georges Pompidou, Paris.

March 10: "Le Nu dans l'Oeuvre de Félix Vallotton." Fondation Dina Vierny, Musée Maillol, Paris.

## MILAN FASHION

## Invention vs. Intellectual Angst

By Suzy Menkes  
*International Herald Tribune*

**M**ILAN — Powerful shows from Fendi and Jil Sander, both pushing fabric research to its outer limits brought to life a dull fashion season that had threatened to drown in intellectual angst.

The extraordinary mixes of oxidized fur and lacquered fabrics, feathered pelts and shimmering knits that Karl Lagerfeld sent out for Fendi on Thursday was a tour de force of invention and imagination.

In a different, tranquil way, Sander also forged ahead, showing a collection devoted to cushioning the body in wadded fabrics.

"At this moment I feel like covering myself — being very private," said Sander, to explain the long-line skirts and dresses, shown with flat mules, and the padded fabrics that gave a tightly belted coat an egg-timer silhouette.

Sander's approach is modern because she eradicates the lines between day and night or summer and winter, showing much of the fall line in white and ivory and focusing on fabric for special effects. They included glazed alpaca that gleamed like a rain-soaked antelope and the fluffy-as-cotton knits — things that need to be stroked or worn to grasp the collection's inventiveness.

In this fashion predicated on interior feel and feelings, the materials had a built-in but unshowy opulence, and Sander's precisely tailored pieces — especially the short linear coats in off-white felted canvas — had a sense of purist luxury. The intriguing surfaces, a graphic grid pattern or the occasional perforation, was the only embellishment, for every fastening was hidden under a fly front or reduced to a hidden hook and eye. Only military tailoring with patch pockets seemed too aggressive for the otherwise tranquil mood.

Sander has a clear vision, commitment to modernity, and with her concept of cocooning female fragility she reached a kind of fashion Zen. It produced some beautiful pieces. Yet these thoughts have



Christopher Moore/Andrew Thomas

Jil Sander's ankle-length dress.

long since been articulated by Japanese designers — and it is frustrating that the image presented on the runway, however sincere, is far from the reality of what will appear on the store rails.

The camouflage colors — the browns, greens and mallard blues — of the Fendi collection was a neat metaphor for the skill with which Lagerfeld back to dresses crated with Swiss cheese holes? A few rich velvet coats and the house's signature knits suggested that some good clothes could have been extracted from the show's sober context.

The staging of a fashion show as an art happening is part of the "intellectualization" of what were once straightforward commercial presentations. As soon as you saw the cavernous derelict warehouse at John Bartlett's show, with its stained concrete pillars and guttering white candles, you could have written the screenplay. The American designer created six characters in search of a design meaning: Winter White as the romantic lead, to contrast with the manish, business-like Gray Flannel. Enter, stage left, Black Leather to provide some aggro alongside Camouflage. There was nothing wrong with the collection. In fact, the textures of fluffy knitwear, the proportions of sweaters, mateot pants and Norfolk jackets, the clean cutting and quality fabrics make for good, modern styles. It was just that, like so much in Milan, pretentious presentations in distant venues are an over-elaborate way to offer up mere clothes.

"Crème brûlée," joked Lagerfeld back stage when asked to identify a chinchilla coat that looked like a burned caramel patchwork. The guessing game continued, as mohair dresses were given a metallic spray and pieces

of

shape rocks looming out of the waters protect the shores from foreign aggression, so the legend goes. Sharks attack the enemy, and then devour the flesh of young innocents sacrificed by the cruel city. We hear the legend of the Baie des Anges through a loudspeaker from a tourist boat, then we meet the beautiful young tourist trap, Marie (Valeria Golino). This fable of temptation, corruption and sacrifice laden with citations from New and post-New Wave film is bound to annoy. But not just annoy: Pradal, in his first film, pours rare visual imagination into this odyssey of beach rats and local sirens. His teenage hero, Orso (Frederic Malgras), lusts after big guns and big money, breaks into lush villas, but he only makes bigtime with Marie, the Brigitte Bardot of a U.S. military camp, based a beach away from Nice. Things get out of hand when the temptress taunts the enemy beyond her control and the Americans run on her. The couple of noble savages find refuge on an island that contrasts with their speedy urban scene. Up to now, we've gone along with the audacity of the pacing, the beauty of the actors, and the camera work. But on the island, something fails to happen — Orso fiddles with his gun, Marie loses her fatale. Because the director is a loss for a new driving force, he seems to waver behind the helm. The magic fades and the sad, bad ending takes a long time, coming.

(Janet Maslin, NYT)

## MOVIE GUIDE

## DESPERATE MEASURES

Directed by Barbet Schroeder, U.S. Peter McCabe (Michael Keaton) is an evil killer. Frank Conner (Andy Garcia): San Francisco cop. Frank's son (Joseph Cross): suffering from leukemia, desperate to transplant. The boy's bone marrow: just like McCabe's. Throw in a noble female surgeon (Marcia Gay Harden) and a lot of hospital mayhem, and you have the formula for "Desperate Measures," a thriller that is unexpectedly fond of formulaic touches. Though this is the work of Barbet Schroeder ("Reversal of Fortune," "Barfly," "Kiss of Death"), who seldom falls back on the conventional, "Desperate Measures" is by-the-numbers too much of the time. The film's big stretch, virtually a contortion, is casting Keaton in the role of a hard-boiled baddie. His performance is lean, mean and tough, but the film goes slack whenever he squares off against Garcia, whose own stoniness comes off as just plain flat. These two don't really connect. The final gimmick here is giving Conner a reason to want McCabe kept alive, because the boy can't use the bone marrow if his father's nemesis dies. Thus, Garcia is asked to say: "I'm not a cop anymore. I'm a father." That line alone should have been a tip-off to the filmmakers that "Desperate Measures" was in need of new blood. There's a sturdy performance from Brian Cox as the police captain who tries to keep the mayhem in check.

(Desson Howe, WP)

## MARIE BAIE DES ANGES

Directed by Manuel Pradal, France. Across the bay from Nice, two shark-

shape rocks looming out of the waters protect the shores from foreign aggression, so the legend goes. Sharks attack the enemy, and then devour the flesh of young innocents sacrificed by the cruel city. We hear the legend of the Baie des Anges through a loudspeaker from a tourist boat, then we meet the beautiful young tourist trap, Marie (Valeria Golino). This fable of temptation, corruption and sacrifice laden with citations from New and post-New Wave film is bound to annoy. But not just annoy: Pradal, in his first film, pours rare visual imagination into this odyssey of beach rats and local sirens. His teenage hero, Orso (Frederic Malgras), lusts after big guns and big money, breaks into lush villas, but he only makes bigtime with Marie, the Brigitte Bardot of a U.S. military camp, based a beach away from Nice. Things get out of hand when the temptress taunts the enemy beyond her control and the Americans run on her. The couple of noble savages find refuge on an island that contrasts with their speedy urban scene. Up to now, we've gone along with the audacity of the pacing, the beauty of the actors, and the camera work. But on the island, something fails to happen — Orso fiddles with his gun, Marie loses her fatale. Because the director is a loss for a new driving force, he seems to waver behind the helm. The magic fades and the sad, bad ending takes a long time, coming.

(Joan Dupont, IHT)

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## INTERNATIONAL

# Critics Decry Limited French Inquiry Into Role in Rwandan Massacre

By Craig R. Whitney  
New York Times Service

**PARIS** — A decision to hold a limited parliamentary inquiry into how much French military aid and advice to the Hutu-dominated regime in Rwanda during the early 1990s might have contributed to the genocide of 800,000 ethnic Tutsis in 1994 has drawn sharp criticism here for not going far enough.

Legislators of the Communist and Green parties, who help form the parliamentary majority led by the Socialist prime minister, Lionel Jospin, passed resolutions Wednesday demanding a full parliamentary investigation of the French role in Rwanda, with the power to subpoena witnesses and charge

possible wrongdoers with crimes. The Defense Committee of the National Assembly, led by its chairman, former Defense Minister Paul Quiles, decided Tuesday to ask 10 of its members to look into the role French and other foreign forces played in Rwanda as part of a "parliamentary information mission" that may never publish its results.

The human rights group Doctors Without Borders called the committee's move "a diversionary maneuver," and the Communists said France's reputation would be at risk if questions about its role in the tragedy were not cleared up.

Most of the questions concern how much French military advisers who trained and supplied troops of the Hutu-dominated government of President Ju-

venal Habyarimana knew about the plans the Rwandans carried out in 1994 to massacre most of the country's Tutsi.

France sent a military aid mission to the former Belgian colony in 1990 while Mr. Habyarimana was trying to defeat Hutu rebels using Uganda and other neighboring countries as sanctuary.

Belgium had announced it was withdrawing its own forces, and according to critics of France's decision to go in, most of the French motivation was suspicion that Tutsi exiles were being supported by "Anglo-Saxons" — Americans and others — who Paris thought were inimical to French interests in Africa.

The decision was made by President François Mitterrand, a Socialist, and was supported by both Socialist and con-

servative French governments through April 1994, when the massacres began.

Any French responsibility for the tragedy would be shared across most of the political spectrum, a key reason why many legislators are reluctant to launch a full-scale investigation, according to French defense experts.

But public interest rose again this year with the publication of a series of articles in the daily *Le Figaro* by Patrick de Saint-Exupéry that made clear that French aid, advice, and military equipment sales continued even while the Rwandan army was training the militia groups that started hacking Tutsi citizens to death almost immediately after Mr. Habyarimana's plane was shot down, by whom was never clear, on April 6, 1994.

By then Belgian troops were back as the major element in a United Nations force that was supposed to oversee the implementation of a peace agreement.

The UN force had only a limited mandate to intervene, partly because of U.S. concerns about the costs of a broader one, and when the massacres started the Belgian officers commanding it were unable to get Secretary-General Boutros Ghali, his assistant, Kofi Annan, now secretary-general himself, to authorize them to try to stop the killings.

Ten Belgian paratroopers were themselves massacred, and Belgium withdrew from the UN force. But 500 French troops returned in April with the mission of evacuating French citizens through the airport at Kigali.

"The operation was shameful," said Gerard Prunier, a French academic expert on Rwanda whose book, "The Rwanda Crisis: History of a Genocide," was published in London two years ago and here, in French, only last year.

"A few Tutsi were able to climb onto trucks headed for the airport," he said, "but they had to get off at the first barricade and were massacred under the eyes of the French or Belgian soldiers who, in accordance with their orders, did nothing."

The evacuation was completed by late April, but it was not until the end of June that French troops returned in force, with a UN mandate to provide aid to civilians. The French were hated by Hutu armed units as friends. Mr. Prunier wrote, and Mr. de Saint-Exupéry recalled hearing a French soldier tell him at the time, "I'm sick of being cheered by killers."

French government officials then and later still seemed preoccupied by the threat from U.S. military advisers to the Tutsi forces, according to Mr. Prunier.

Mr. de Saint-Exupéry said he had been told by a high-ranking French military officer that orders from Paris to cutoff supplies to the Rwandan Army did not come through until the end of May, though the Foreign Ministry has denied reports that shipments continued that long.

Mr. Quiles, a Socialist, said France could not set up a full parliamentary inquiry because of possible conflicts with the UN war crimes tribunal in Arusha, Tanzania.

But that tribunal is not looking into the French role in Rwanda.

Also after a long delay, a Belgian parliamentary inquiry also commissioned last year at the initiative of Senator Alain Destexhe, a former head of Doctors Without Borders International.

Belgian diplomats in Rwanda had ample warning of massacre plans as early as 1992, he said, and had shared that information in 1994 with France and U.S. counterparts.

The Belgian investigating committee published a 1,000-page report last December that found that Belgium bore a double responsibility for the genocide — for not trying to stop the massacres once they began, and for trying to get the UN forces to leave with Belgian forces while the massacres were taking place.

"It's all political authorities who are responsible," Mr. Destexhe said at the time, in words that could turn out to apply to France as well, "politicians as well as the military. Parliament as well as the government, the opposition as well as the majority."

"But because we all bear a part of the responsibility is no reason not to examine the respective responsibilities and draw the necessary conclusions," he said.



Frantisek Mojzis, a Slovak businessman who refused to deal with racketeers and last month went into hiding.

## SLOVAKIA: Mobsters Strangle Business

Continued from Page 1

journalists and opposition politicians.

Last month, the national police chief, Peter Nemec, conceded that his men had failed to curb the mob, which experts say is largely home-grown but probably has links to organized crime in the former Soviet states, Germany and Italy.

"Organized crime is capable of threatening this country to a considerable degree," Mr. Nemec said. He told journalists that underworld influence was reaching into government and political parties.

Slovak police officials say that extortion, protection and silent partnerships are the main rackets of the mobsters, along with a bustling sex trade as young Slovak women are hired as dancers or bar girls abroad, then find themselves forced into prostitution.

One favored device, according to the police and business owners, is the mob-controlled private security firm. These firms propose protection services that many businessmen find hard to refuse.

Frequent reports in the Slovak press suggest that business operators who do refuse find their premises destroyed or their lives threatened, and according to some of these reports, businessmen have been murdered for their refusal to play by the mob's rules.

Mr. Mojzis, who continues to manage the company he turned over to the church, says he knew the risks of defying the mob but that he was not prepared to give in.

"I come from a part of Slovakia where people are very stubborn," he said.

Because he viewed the police as unable or unwilling to pursue the racketeers, Mr. Mojzis launched a media campaign to force an investigation, taking his story to newspapers and Slovakia's private television station.

The campaign took time, but it worked. Last month, the police arrested a former banker for trying to extort money from Mr. Mojzis. The man, Julius Gaspar, described himself as an economic adviser to CBS Security 3, a private security firm owned by Mikulas Cernak, whom police and local news reports identify as the head of the Banska Bystrica underworld.

Mr. Cernak, 31, is currently in jail. He was arrested along with four associates and a policeman on charges of racketeering and extortion. Police say he forced one businessman to hand him control of a concrete panel factory, and coerced another to sign over the deed to his country house.

Banska Bystrica's police chief, Jan Pales, says he would like to do more against the mob, but says his force is undermined, underequipped and hamstrung by laws that make it difficult to use the conventional anti-mafia tools. All too often, he complains, witnesses are intimidated by mobsters.

"We want to stop them," he said. "We have good information on these gangs, but the problem is getting evidence that will stand up in court."

But even the mobsters are not safe. For the last year, a turf war of impressive proportions has rocked Slovakia, a nation of 5.6 million people.

Shoot-outs on street corners and in luxury hotels have left at least a dozen mobsters and at least as many businessmen dead, according to press accounts here. Of Slovakia's 67 murders last year, 30 were professional hits, the police say.

According to a press account, at least three policemen were killed by local mafias last year, including one whose severed head was placed on a car hood wearing his uniform hat. A reported mob boss wounded in a bar shooting was later machine-gunned to death in his hospital bed.

The police say that car bombs have become a favorite way of settling ac-

counts, with 11 people killed and 19 injured in 98 criminal explosions last year.

Jozef Majsky, one of Slovakia's wealthiest industrialists, blames the rise of the Slovak mob on rampant corruption, and he and other knowledgeable observers do not hesitate to include political leaders or their key supporters when discussing underworld influence.

"Bribery is one of the working methods of this regime, from the top down to the working man," Mr. Majsky said in an interview. He is not bothered by criminal gangs, he said, because he has his own private army of 470 armed guards.

A foreign diplomat in the capital, Bratislava, said: "There's a problem with the links of organized crime to the state."

The scope of the general problem of mafia coercion is hard to gauge, he said, "but the number of Slovak businessmen running around with their own small armies is growing."

Peter Toth, a reporter who has investigated and written articles about organized crime for the daily newspaper Sme, says he believes senior state officials are increasingly linked to the gangs.

Last fall, while investigating possible connections between the mob and government officials, Mr. Toth's car was blown up.

"In Slovakia, there is an exceptionally amount of cooperation between the secret services and the underworld," Mr. Toth said in an interview.

Some diplomats agree that the Slovak Intelligence Service maintains close ties to the Slovak underworld. The European Union, without elaboration, warned last year that "the use made by the government of the police and secret services is worrying."

Ivan Miklos, a former Slovak pri-

vatization minister, says the current climate is a natural outgrowth of what he views as the corrupt manner by which Slovakia sold off state-controlled companies.

In a notable case, controlling shares in Nafta Gheyle, a lucrative gas shipping and storage company, were sold for less than half the company's annual 1.075 billion koruna profit, and there has been no public accounting of who made the purchase.

For Mr. Mojzis, the businessman who

turned to the church, the threat has not lifted. He carries an automatic pistol in his belt. For months, he lived with his wife and small children behind the heavy oak doors of the Banska Bystrica bishop's palace.

Last month, he went into hiding after Slovak newspapers published reports that the Secret Service had asked Mr. Cernak, the reputed mobster, to arrange the "liquidation" of Mr. Mojzis by the end of February.

For Mr. Mojzis, the businessman who

## IRAQ: American Arms Inspector Returns

Continued from Page 1

restricted access for the inspectors, who are charged with dismantling Iraq's biological, chemical and ballistic weapons.

The inspectors must certify that Iraq has eliminated all its weapons of mass destruction before UN sanctions, imposed after Iran's 1990 invasion of Kuwait, can be lifted.

The United States still has a powerful military force in the Gulf, and U.S. officials say that a UN resolution warning Iraq of "severest consequences" if it blocks the inspectors has given a green light for punitive military strikes.

An Uncom spokesman, Alan Dacey, said Mr. Ritter was coming for a "normal inspection" not to inspect the presidential sites. But he declined to give details of the composition of Mr. Ritter's team.

■ Albright Adds Madrid to List

The U.S. secretary of state, Madeleine Albright, will visit Madrid next week to discuss the situation in Iraq, Reuters reported Thursday from Washington, quoting the State Department spokesman, James Rubin.

Spain is the latest stop added to a six-day trip that will also take Mrs. Albright to Italy, Germany, France, Britain, Ukraine and Canada. She plans to fly to Madrid after meetings in London on Monday.

■ Annan Names an Iraq Envoy

Borbaro Crossette of The New York Times reported from the United Nations in New York:

Secretary-General Annan named a special political representative to Iraq on Thursday to improve lines of communication between Baghdad and the United Nations.

UN officials said that they did not know whether Mr. Annan had discussed the appointment with President Saddam Hussein, but that he proposed it when he briefed Security Council members on his trip to Baghdad last month.

The United States, which has made every effort to keep Iraq as isolated as possible until it gives up all its weapons of mass destruction and qualifies for a lifting of sanctions, has not objected to the idea of the appointment.

But the Clinton administration had misgivings about some candidates discussed earlier for the new position because they were seen as too sympathetic to Baghdad. The administration has not indicated any objection to Mr. Shah.

Mr. Shah, 58, retired from the Indian foreign service last year after serving as a diplomat and Foreign Ministry official. He has also been a director of Indian Petrochemicals and other companies as well as director of the Ministry of Petroleum.

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Some Democrats said they believed the measure was biased, stacked against Commonwealth status and toward statehood.

In the past, the idea of statehood has been intertwined with the notion that Puerto Rico would risk losing its cultural identity.

■ Puerto Rico Wins A Cliffhanger to Determine Future

By Lizette Alvarez  
New York Times Service

WASHINGTON — In a cliffhanger roll-call, the House has passed a bill by only one vote, 209 to 208, that would let Puerto Ricans vote on their island's destiny — statehood, independence or continued commonwealth status.

The self-determination bill opens the way for a congressionally approved referendum in Puerto Rico. If Puerto Ricans choose statehood, the legislation would compel Congress to vote on ushering in a 51st state as early as 1999, with actual admission into the union occurring no more than 10 years later.

The vote, which prompted roiling cheers from the crowd of Puerto Ricans jamming the House gallery, reflected the concerns of many members, who were lobbied vigorously by Puerto Ricans on both sides of the issue.

Some conservatives, who say they believe the measure will lead to statehood, said they worried about the costs and the language differences, and opposed the bill because they did not believe that a majority of Puerto Ricans support statehood.

Some Democrats said they believed the measure was biased, stacked against Commonwealth status and toward statehood.

In the past, the idea of statehood has been intertwined with the notion that Puerto Rico would risk losing its cultural identity.

## INDONESIA: Evasions Mark 'Reforms'

Continued from Page 1

month. The Indonesian rupiah tumbled 10 percent Thursday over concerns that the IMF would withhold the next infusion of \$3 billion in aid due March 15. In a 40-minute meeting with Mr. Subarto, an envoy representing Britain and the European Union stressed the need for Indonesia to stick to IMF reforms. (Page 17)

For both the United States and the IMF, the stakes go beyond Indonesia itself. With its falling currency and huge foreign debt, Indonesia has become the epicenter of Asia's economic turmoil. If the rescue effort fails here in the world's fourth-largest nation, the damage could spread around the world. If Mr. Subarto successfully defies the IMF, both American and IMF officials worry that other countries would then feel free to ignore the fund's requirements for reform.

But Mr. Subarto, whose word has been law here for 32 years, is resisting this formula, which would cut deeply into the interests of his wealthy children, his friends and favored businesses.

And so, when the IMF demanded in January that he cut loose the tax breaks that allowed one of his sons to make money on a "national car," the president said yes, but immediately found a loophole.

The car, called the Timor, was one of the most striking examples of Suharto family favoritism. Under the control of a son, Hutoromo Mandala Putra, it was manufactured entirely in South Korea but was exempt from payment of import and luxury taxes. This allowed the Timor to undercut the prices of its Japanese and other competitors here. But more worrisome to the IMF, it also wasted government resources on a project that benefited Mr. Subarto's family more than it contributed to the Indonesian economy.

These exemptions were removed in

the January agreement. But there seems to be some fine print. As of January 39,000 Timor cars had been imported, of which 24,000 had been sold. Last month, the government decided that the remaining 15,000 cars could maintain their tax exemptions. In the current slow-moving market, industry analysts estimate it will take two years to sell them — by which time the original tax exemption law would have expired anyway.

The president's best friend, Mohammad (Bo) Hasan, headed a cartel that controlled Indonesia's \$4 billion plywood export industry, the largest in the world. Along with cartels in cement and cloves, a key ingredient in Indonesia's sweet cigarettes, it was abolished specifically by the January agreement as part of the IMF's program to open Indonesia's economy to free-market forces.

But apparently, like the clove cartel, it was abolished only in name. Mr. Hasan's group, known as Apindo, immediately formed what is called a statistical research board. To pay for the board, Apindo told exporters they would have to pay \$5 for each cubic meter of plywood exports. The annual total of this de facto tax would be between \$40 million and \$50 million.

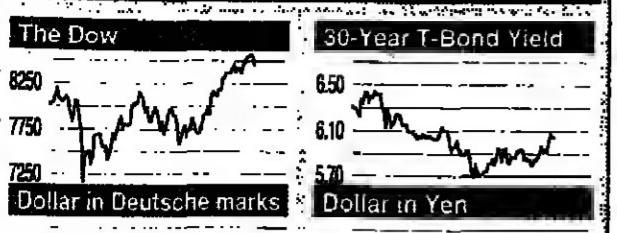
This week, on the eve of the arrival of former Vice President Walter Mondale, who brought a message of concern from President Bill Clinton, Apindo announced the termination of its statistical research tax.

The investments of friends and family members also seem to



## THE AMERICAS

## Investor's America



## Dollar Surges on Indication German Rates Might Drop

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar gained sharply Thursday against other major currencies after comments from a Bundesbank council member that raised expectations German interest rates might decline.

Klaus-Dieter Kuehbaecher said there was room for a decline in European interest rates before installation of the single currency, the euro — which is to go into effect at the start of next year.

The Bundesbank central council made no changes in key interest rates Thursday. That decision had been generally expected by economists, who say the central bank is unlikely to make changes before May, when the European Union members to take part in the first group of euro participants are to be designated.

Mr. Kuehbaecher told a newspaper that he saw no reason for the Bundesbank to raise rates this year, adding that he would vote against an increase if it was based purely on monetary convergence needs. He

further said that domestic German conditions might argue for a rate cut.

The dollar was quoted at 4 P.M. at 1.8348 Deutsche marks, up from 1.8185 DM on Thursday.

"The reference to a rate cut is new," said Keith Woodfin of Foreign Exchange Analytics, "and sparked

## FOREIGN EXCHANGE

an explosion in the market, as prior Bundesbank comments had hinted, at the most, for steady policy."

Dealers said they would watch for reaction by other Bundesbank officials, particularly President Hans Tietmeyer or the chief economist, Otmar Issing, to the comments from Mr. Kuehbaecher, who is considered to be in the policy mainstream.

The dollar also rose to 127.745 yen from 126.67 yen, to 1.4930 Swiss francs from 1.4802 francs and to 6,1500 French francs from 6,1020 francs. The pound fell to \$1.6350 from \$1.6461. (Market News, AFP)

## U.S. May Expand Microsoft Case

Washington Post Service

**WASHINGTON** — The Justice Department is strongly considering filing a broader antitrust case against Microsoft Corp., that would challenge Windows 98, its next-generation personal computer operating system, according to sources familiar with the case.

Justice is collecting evidence for a deeper assault on the software giant, one that likely would open one of the most contentious legal battles of the Clinton administration and could set policy toward the computer industry for years to come.

The core of the complaint, if it is filed, would be that Microsoft is using the dominant position of Windows to corner the market for Internet browser software, which is a central feature of the planned Windows 98 package.

Microsoft plans to start shipping Windows 98 in late spring. Justice officials would like to file a case before then.

## United Orders 30 Jets From Europe's Airbus

Reuters

**CHICAGO** — United Airlines has ordered 30 narrow-body aircraft from Airbus Industrie, the European aircraft consortium, in a deal worth about \$1.4 billion.

United, a unit of UAL Corp., said it had ordered 20 A320s and 10 A319s. Seven A320s are to be delivered in 2000; 13 A320s and 10 A319s are to be delivered in 2001.

Airbus said the A320 costs from \$60 million to \$49 million, and the A319 costs \$41 million to \$46 million.

When the newly ordered planes have entered service, United's fleet will total 111.

"They already have those airplanes, so it's just an add-on order," said Michael Boyd, head of the Boyd Group, an aviation consulting firm based in Evergreen, Colorado.

"But what it means is that Boeing has fallen further from the fold."

United's chairman and chief ex-

ecutive, Gerald Greenwald, said the order represented the first phase of the company's strategic plan, "which is to grow our fleet so that we can take advantage of profitable market opportunities."

He said that the company planned to add 68 aircraft to its passenger fleet, increasing the fleet to 189 by 2001 and craft by the end of 2001, from 171 last year.

A spokeswoman for Boeing Co. said the aircraft maker had expected the order and did not comment on the business.

Industry analysts said the deal announced Wednesday suggested the airline intended to expand its capacity at a rate of around 3 percent a year, in line with previous expectations and the rest of the industry.

A spokesman for United declined to comment on the financing plan for the order.

UAL shares closed at \$83.12 down \$3, while Boeing closed at \$1.0625 to close at \$52.25.

Strong Sales  
at All Units  
Fuel Profit  
at Daimler

## Very briefly:

- Campbell Soup Co. is negotiating to sell its European confectionery and distribution business, Continental Sweets, as part of its plan to jettison nonstrategic businesses.
- American Home Products Corp.'s board approved a two-for-one stock split to make its shares more affordable.
- Gerber Childrenswear Inc. plans a public stock offering as it seeks cash to build its children's clothing brand.
- Echlin Inc. is seeking to thwart a hostile takeover bid from SPX Corp. with a bill drafted by Connecticut state legislators that would raise the percentage of shareholder consent required to call a special meeting, to 50 percent from 35 percent.
- Perry said Coastal Corp. and Hunt Oil Co. would sign a contract to explore for oil in the country's northern jungle.
- J.P. Morgan & Co. is suing three South Korean clients, SK Securities Co., Housing & Commercial Bank and Advanced Investment Ltd. to try and recover more than \$300 million they owe the bank for losses on Asian currency derivatives.
- Xerox Corp. will buy XLConnect Solutions Inc. and its parent company, Intelligent Electronics Inc., for \$415 million in cash.
- U.S. applications for unemployment benefits fell to 304,000 for the last week in February, after a jump to 320,000 claims in the previous week.

Reuters, Bloomberg

## 400 NordicTrack Jobs Eliminated

The Associated Press

**ACTON, Massachusetts** — The company that owns NordicTrack is cutting 400 jobs, or 14 percent of the work force, at the fitness equipment maker as it explores the possibility of selling the division, which has not had a profit since 1995.

CML Group Inc. disclosed Wednesday that the unit's manufacturing and distribution plant in Glencoe, Minnesota, where 287 employees work, would be closed by the end of August. The company has also dismissed 116 telemarketers in Minnesota.

## INTERNATIONAL FUTURES

## March 5, 1998

High Low Latest Chg. Open

Grains

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Sep '02 85.25 85.25 +0.22 85.25

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Feb '07 102.75 102.75 +0.22 102.75

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Jun '07 104.75 104.75 +0.22 104.75

Sep '07 105.25 105.25 +0.22 105.25

Oct '07 105.75 105.75 +0.22 105.75

Dec '07 106.2

Orders 30%  
Europe's Air

## Strong Sales At All Units Fuel Profit At Daimler

Compiled by Our Staff From Dispatches

**FRANKFURT** — Daimler-Benz AG, the biggest company in Germany, said Thursday its profit more than doubled last year because of strong sales in its car, truck and aerospace units.

Daimler-Benz's pretax profit rose to 4.2 billion Deutsche marks (\$2.31 billion) last year from 2 billion DM in 1996. The company said profit grew markedly in the second half, but it did not release figures for the period.

Daimler benefited from a boom in the European truck industry, which helped its truck division return to profit. Meanwhile, a stronger dollar lifted earnings at units such as Daimler-Benz Aerospace AG. The mark fell 17 percent against the dollar last year, increasing the value of overseas sales and making German products less expensive for foreign buyers.

"The improvement of these results is a reflection of the market success of new, innovative products from all the business units and the progress made in boosting efficiency, as well as a reflection of favorable currency developments," Daimler said.

Sales rose 19 percent, to 124 billion DM, led by a 24 percent increase in sales at its truck division, to 39 billion DM. Sales at its Mercedes-Benz car unit rose 15 percent, to 53 billion DM, and sales at Daimler-Benz Aerospace rose 20 percent, to 15.3 billion DM.

"Passenger cars again brought in the most profit although they didn't see any real growth," said Sebastian Stein, an analyst at Bankgesellschaft Berlin AG. "The real boost came from its other businesses, especially from the turnaround in trucks and the increase in profit at DASA," he said, referring to the aerospace unit.

Daimler shares closed at 151.50 DM, down 2.30 DM.

The company will release more details about its results at its annual news conference April 8.

Daimler said it created 11,000 new jobs last year. In April, for the first time, it will pay 180,000 German employees bonuses linked to the operating profit of their division. (Reuters, Bloomberg, AFP)



**IMMOBILE CALLER** — A woman in London on Thursday passing a statue representing a trader with a mobile phone. Citing overcharging, the telephone-industry regulator, Ofcom, ordered British mobile-phone companies to cut their prices.

Paul Vincent/Agence France-Presse

Compiled by Our Staff From Dispatches

## Jet-Engine Sales Lift Rolls-Royce's Profit

Compiled by Our Staff From Dispatches

**LONDON** — Rolls-Royce PLC reported a sharp rise in annual profit Thursday and said strong sales of new engines were set to fuel double-digit growth in earnings this year.

Rolls said it achieved its highest-ever share of the civilian aircraft-engine market last year, winning 34 percent in line with its aim of capturing a third of the world market. In 1996, its share was 20 percent.

Pretax profit rose 17 percent last year from 1996, to £276 million (\$454.6 million), the company said. Sales rose 11 percent, to £4.33 billion.

Rolls said its order book at the end of the year stood at £8 billion, up £1 billion from the previous year. The company has recorded £2.1 billion of sales since December.

Rolls-Royce said sales were well balanced, with defense accounting for a third, civil aerospace half, and the industrial sector 20 percent.

The company said it "does not expect significant adverse impact from the short-term economic problems in Asia. The company has a strong order book and 90 percent of

orders announced for civil aero engines in 1997 came from Europe and North America."

Demand for new aircraft engines is expected to remain strong, with the civilian market expected to be worth \$420 billion over the next 20 years, Chief Executive John Rose said.

Any fears that the economic crisis in Asia might affect sales were misplaced, he said, since airlines still needed to replace jets and add new ones. "Between now and 2015 we would expect about 9,500 aircraft to be retired," he said. (Reuters, AFP)

## Hanson Clears Its Decks and Gets Ready for Acquisitions

Reuters

**LONDON** — Hanson PLC, reporting its first full-year results since dividing into four companies last year, said Thursday that the disposal of its remaining noncore businesses was "well under way," placing the former conglomerate in a position to make acquisitions to sharpen its focus on building materials.

"That is our priority for adding value for shareholders," said Justin Read, associate director in charge of investor relations.

Hanson reported pretax profit for 1997, excluding one-time items, of £224.7 million (£370.1 million), which it said compared with £207.4 million in 1996.

Sales were £2.48 billion, down from a comparable figure of £2.56 billion in 1996.

Upon disposing of its remaining noncore assets, Mr. Read said Han-

son would be able to finance purchases from its own resources. Hanson ended 1997 with net debt of £217 million.

Hansons' three main remaining businesses are Hanson Brick Ltd., ARC Ltd., the No. 2 British aggregates producer, and Comerstone Construction & Materials Inc., the third-largest U.S. aggregates producer.

Hanson shares finished down 1

percent, to 151.50 pence.

Hanson shares closed at 151.50 DM, down 2.30 DM.

The company will release more details about its results at its annual news conference April 8.

Daimler said it created 11,000 new jobs last year. In April, for the first time, it will pay 180,000 German employees bonuses linked to the operating profit of their division. (Reuters, Bloomberg, AFP)

## WORLD STOCK MARKETS

**Thursday, March 5**

Prices in local currencies.

High Low Close Prev.

Amsterdam AEX index 1068.44

Previous: 1067.81

High Low Close Prev.

Bangkok SET index 599.23

Previous: 598.50

High Low Close Prev.

Brussels BEL 20 index 271.24

Previous: 271.35

High Low Close Prev.

Bombay SENSEX 2714.42

Previous: 2714.42

High Low Close Prev.

Copenhagen Stock index 899.55

Previous: 897.41

High Low Close Prev.

Frankfurt DAX 4765.48

Previous: 4767.08

High Low Close Prev.

Hong Kong HSI 10,200.48

Previous: 10,200.48

High Low Close Prev.

London FTSE 100 1,062.39

Previous: 1,062.39

High Low Close Prev.

Milan MIB 1,024.30

Previous: 1,024.30

High Low Close Prev.

Paris CAC 40 3,350

Previous: 3,350

High Low Close Prev.

Stockholm OMX 30 2,600

Previous: 2,600

High Low Close Prev.

Tokyo Nikkei 2,212.25

Previous: 2,212.25

High Low Close Prev.

Taipei Taiwan 100 2,212.25

Previous: 2,212.25

High Low Close Prev.

Toronto TSE 100 1,123.24

Previous: 1,123.24

High Low Close Prev.

Zurich SWX 1,123.24

Previous: 1,123.24

High Low Close Prev.

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World Stock Markets 1,123.24

## NYSE

**Thursday's 4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.

The Associated Press

12 Month  
High Low Stock Div Yld PE 52w High Low Lst Chg

A-B-C	Div Yld	PE	52w High	Low Lst Chg	A-B-C	Div Yld	PE	52w High	Low Lst Chg	A-B-C	Div Yld	PE	52w High	Low Lst Chg							
3294 TIAA ACER S	.34	12	22	627 299%	299+	205%	.05	9	93	1571	574	574	.05	424	180	205	205	40%	40%	40%	40%
3049 TIAA ABM	.49	14	21	161 35%	347%	347%	.05	12	52	425	425	425	.05	424	180	205	205	40%	40%	40%	40%
3446 TIAA ACES LI	.24	12	13	225 22%	22%	21%	.05	12	52	225	225	225	.05	424	180	205	205	40%	40%	40%	40%
1116 TIA ACM	.11	11	11	1114	1114	1114	.05	12	52	1114	1114	1114	.05	424	180	205	205	40%	40%	40%	40%
1084 TIA ACI ADP	.43	7.2	7.2	278	278	278	.05	12	10	2224	2254	2254	.05	424	180	205	205	40%	40%	40%	40%
676 TIA ACI M	.05	12	12	165	165	165	.05	12	12	165	165	165	.05	424	180	205	205	40%	40%	40%	40%
1074 TIA ACI M	.05	12	12	165	165	165	.05	12	12	165	165	165	.05	424	180	205	205	40%	40%	40%	40%
1516 TIA ACI MM	.06	12	12	113	149	149	.05	12	12	113	149	149	.05	424	180	205	205	40%	40%	40%	40%
1719 TIA ACI Tech	.05	12	12	225	225	225	.05	12	12	225	225	225	.05	424	180	205	205	40%	40%	40%	40%
4994 TIA AES Co	.49	15	15	5105	4495	4495	.05	12	12	5105	4495	4495	.05	424	180	205	205	40%	40%	40%	40%
6519 TIA AFAC	.24	12	12	278	278	278	.05	12	12	278	278	278	.05	424	180	205	205	40%	40%	40%	40%
3294 TIA AGC	.04	11	11	1722	259%	259%	.05	12	12	1722	259%	259%	.05	424	180	205	205	40%	40%	40%	40%
2024 TIA AGC Int'l	.05	12	12	225	225	225	.05	12	12	225	225	225	.05	424	180	205	205	40%	40%	40%	40%
1944 TIA AGC Int'l	.05	12	12	187	124	114	.05	12	12	187	124	114	.05	424	180	205	205	40%	40%	40%	40%
2529 TIA AMB Prm Co	.05	12	12	225	225	225	.05	12	12	225	225	225	.05	424	180	205	205	40%	40%	40%	40%
3244 TIA AMI Int'l	.16	7.5	12	347	347	347	.05	12	12	347	347	347	.05	424	180	205	205	40%	40%	40%	40%
1364 TIA AMR	.05	12	12	125	125	125	.05	12	12	125	125	125	.05	424	180	205	205	40%	40%	40%	40%
2119 TIA ASA LHD	.19	19	19	214	214	214	.05	12	12	214	214	214	.05	424	180	205	205	40%	40%	40%	40%
6634 TIA AT&T	.12	12	12	21	2934	614%	.05	12	12	21	2934	614%	.05	424	180	205	205	40%	40%	40%	40%
4994 TIA AUA P&G	.14	14	14	722	459	459	.05	12	12	722	459	459	.05	424	180	205	205	40%	40%	40%	40%
2024 TIA AUSA	.15	15	15	282	125	125	.05	12	12	282	125	125	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA AVE	.05	12	12	187	187	187	.05	12	12	187	187	187	.05	424	180	205	205	40%	40%	40%	40%
1209 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
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2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera	.13	13	13	251	114	114	.05	12	12	251	114	114	.05	424	180	205	205	40%	40%	40%	40%
2715 TIA Avera</td																					

## Procter & Gamble Saves Hanoi Venture

Compiled by Our Staff From Dispatches

HANOI — Procter & Gamble Co. and its Vietnamese partner reached an 11th hour deal Thursday that saved their joint venture from bankruptcy.

Alan Hed, the company's top executive in Vietnam, said the two sides had reached a agreement in principle that Procter & Gamble would increase its stake in the venture to 93 percent from 70 percent.

"We are pleased both parties have found a solution that is consistent with Procter & Gamble's global strategies and will enable P&G to continue operating in Vietnam," he said.

The deal ends an acrimonious struggle between local and foreign partners that was closely watched as a barometer of Vietnam's foreign-investment climate.

Mr. Hed gave no indication of how the revision of shares in the venture would affect management control but said the accord had the backing of Vietnam's Ministry of Planning and Investment.

The dispute between Procter & Gamble and its local partner, Phuong Dong Co., erupted in mid-1997 and rapidly became one of Vietnam's most high-profile foreign-investor

debacles in recent years. Procter & Gamble was looking to buy out Phuong Dong completely, giving it full control of the company and eliminating cultural clashes between partners over management style and business strategy.

But that proposal was considered unacceptable to the Vietnamese because it would "be a precedent for other companies," said Nguyen Xuan Chuan, another vice minister of industry.

At the center of the discord was the question of responsibility for some \$30 million in losses.

Officials at the American embassy in Hanoi, which has been involved in efforts to resolve the dispute, applauded the agreement Thursday. "The government of Vietnam has shown great foresight and excellent judgment by endorsing the agreement," the embassy said.

Vietnamese government officials declined to comment on the development, which leaves Phuong Dong with a stake of just 7 percent.

But analysts said the news appeared to indicate that market-led pragmatism had prevailed over politics in Hanoi's arcane and occasionally volatile process of internal decision-making. (Reuters, AFP)

## Moody's Sours On Outlook for Singapore Banks

Compiled by Our Staff From Dispatches

SINGAPORE — Moody's Investors Service Inc. lowered its ratings outlook on six Singapore banks Thursday to reflect the possibility of more deterioration in regional economies.

The six banks remain "among the strongest in Asia," but face "increased threats to asset quality" because of the number of countries they were exposed to, the U.S.-based credit-rating agency said.

Just a day after three of the banks reported poor results, Moody's warned Thursday of the "depth of problems in Indonesia and the increasing difficulties facing Malaysia's domestic economy."

Moody's also said the banks' asset qualities were threatened by a slowdown in Singapore.

The six banks were Development Bank of Singapore Ltd., Oversea-Chinese Banking Corp., United Overseas Bank Ltd., Overseas Union Bank Ltd., Keppel Bank of Singapore Ltd. and Tat Lee Bank Ltd.

But Moody's said that "it saw no threat to the banks' solvency." (AFP, Reuters)

## Rupiah Slumps 13% Amid Stalled Reforms

By Thomas Crampton  
International Herald Tribune

BANGKOK — The Indonesian rupiah tumbled 13 percent Thursday against the dollar as international pressure mounted on Jakarta to speed economic reforms and preserve the country's \$43 billion aid package from the International Monetary Fund.

The U.S. dollar rose to 10,300 rupiah on Thursday from 9,150 on Wednesday.

Concern over Indonesia also helped drag down the currencies of Malaysia, Thailand, Singapore and the Philippines, a slide that brought to an end several weeks of relative calm among Asia's troubled economies.

In a meeting with President Suharto on Thursday, an envoy representing Britain and the European Union stressed the need for Indonesia to stick to IMF reforms.

"I urged the president to follow the IMF program," said Derek Fatchett, a junior foreign office minister who is also an EU emissary. "It is important that that should happen because that is the way to restore confidence in the markets."

The warning to Indonesia came as Thailand received a new round of support from the United States and Japan after approval of more funds to be disbursed under its \$17.2 billion IMF aid package.

The widening divergence between Asian economies' responses to the currency crisis has led many analysts to divide the region into two clear categories: Indonesia and all the rest.

"Thailand and Korea are both moving ahead and adjusting to the reality of the situation," said Guoan Ma, head of Asia-Pacific economics research at Salomon Smith Barney. "I just don't see any signs of things getting better in Indonesia."

The division between the economies will be seen by the diminished impact felt on other currencies when the rupiah falls, said Neil Saker.

head of regional economic research at Soc-Gen Crosby Securities. "A fall of the rupiah now will not pull down other currencies as much as it could a few months ago."

In the period since IMF-required reforms have been implemented, financial markets have made harsh judgments of economic performance. The main stock indexes in South Korea and Thailand have risen by about 50 percent in dollar terms since the beginning of this year, while Indonesian stocks have fallen more than 30 percent in the same period.

[Underscoring the economic uncertainties, though, South Korean stocks tumbled Thursday by their largest margin so far this year as profit-taking by foreign investors spread to panic selling by local investors. The New York Times reported from Seoul. The Korea Composite Stock Index fell 6.5 percent to 535.68.]

"The G-7 is now taking a carrot-and-stick approach to the crisis, with not-so-veiled threats or rewards for good behavior," Mr. Saker said, referring to the Group of Seven nations.

As the IMF announced late Wednesday a \$270 million loan would be released to Thailand, the U.S. Treasury secretary, Robert Rubin, said that Washington would be willing to support a request for additional funding "if circumstances warrant."

On Thursday, Finance Minister Hikaru Matsunaga of Japan said Tokyo intended to provide \$600 million worth of loans to help Thai export financing. This new aid would be in addition to an ongoing IMF loan worth \$4 billion through the Ex-In Bank.

Also on Thursday, Prime Minister Mahathir bin Mohamad of Malaysia said that Taiwan was in a "very good position" to help stimulate the battered economies of Southeast Asia, Agence France-Presse reported from Kuala Lumpur.

■ Research Minister Quits

Bacharuddin J. Habibie, Indonesia's research and technology minister, has resigned as chief executive of the state-owned aircraft, shipbuilding and arms-making companies, the official Antara news agency reported on Thursday.

The report said Mr. Habibie, the sole vice presidential candidate in voting by Indonesia's electoral college, resigned from the three posts at a ceremony at the Industri Pesawat Terbang Nusantara aircraft plant in Bandung, West Java.

## Investor's Asia

Hong Kong		Singapore		Tokyo	
Hang Seng		Straits Times		Nikkei 225	
Exchange	Index	Thursday	Close	Prev.	% Change
Hong Kong	Hang Seng	10,803.68	11,550.81	+4.82	+0.52
Singapore	Straits Times	1,570.58	1,571.48	+0.52	
Sydney	All Ordinaries	2,652.70	2,705.48	+1.95	
Tokyo	Nikkei 225	16,646.55	17,095.00	+1.45	
Kuala Lumpur Composite	666.79	705.94	-1.30		
Bangkok	SET	503.23	520.24	+3.60	
Seoul	Composite Index	585.68	572.78	-2.47	
Taipei	Stock Market Index	8,785.32	8,977.54	+2.36	
Mumbai	PSE	2,207.54	2,219.31	+0.53	
Jakarta	Composite Index	5,16,489	5,02,911	-2.76	
Wellington	NZSE 40	2,280.38	2,313.28	+1.42	
Bombay	Sensitive Index	3,714.62	3,743.93	+0.78	

Source: Telekurs

International Herald Tribune

## Very briefly:

• Malaysia's trade surplus surged 165 percent, to 2.6 billion ringgit (\$686.9 million), in January as demand for imported merchandise cooled, the Bernama news agency reported. Exports increased 35.6 percent, while imports rose 19.5 percent, swollen by 1.2 billion ringgit in aircraft and ship purchases.

• Prime Minister Mahathir Mohamad said that Kuala Lumpur has no plans to privatize or bail out Bank Bumiputra Bhd. and that a 750 million ringgit cash injection for the troubled bank was normal practice for a public institution.

• Philippine prices in February were 7.4 percent higher than in February 1996, a 19-month high, as the Asian currency crisis drove up food prices. The corresponding rate in January was 6.4 percent.

• Westpac Banking Corp.'s general manager predicted that the Asian turmoil would be felt for years and have profound effects on the Australian property market, including flat interest rates for at least the next two years.

• Grey Advertising Inc. said the turmoil, while reducing Asian sales growth to 6 percent this year from 20 percent a year to 1997, would not make it lessen its focus on the region.

• All Nippon Airways Co. predicted that it would post a group net loss of 7.2 billion yen (\$57.4 million) for the year through March, as the top Japanese operator of domestic flights said rough winter weather, more competition and "domestic economic gloom" had led to fewer passengers. It had predicted a net profit of 3.8 billion yen.

• Japanese vehicle imports fell 39.8 percent in February from a year earlier, to 22,133 units, the biggest such drop since 1970. Imports of U.S. vehicles fell 42.1 percent, to 4,813 units.

• Laura Ashley PLC is selling a 13 percent stake in Laura Ashley Japan to Jusco Co. for \$9.5 million (\$15.6 million), reducing the British company's ownership to 26.7 percent.

• China Eastern Airlines has signed an agreement with Boeing Co. to buy three 737-300 airliners, Liberation Daily reported.

• Chinese families will purchase 700,000 personal computers in 1998, 30 percent more than last year, the Ministry of Electronics Industry predicted.

Bloomberg, Reuters, AFP

## Kia's Future Darkens as Chief Leaves

Compiled by Our Staff From Dispatches

SEOUL — The future of Kia Motors Corp. appeared even bleaker Thursday after the resignation of its chairman to take a top government job, analysts said.

Former Labor Minister Jin Nyum, who was believed to have the clout to put the troubled carmaker back on its feet, was appointed Wednesday by President Kim Dae Jung to head the new budget office.

Mr. Jin served only four months as Kia's government-appointed caretaker, after creditor banks filed for court receivership for Kia Group in October. Kia's biggest creditor was Korean Development Bank, a state-owned bank. The group collapsed under 10 trillion won (\$6.39 billion) in debt, about half of which is owed by Kia Motors.

Analysts said the days of Kia Motors could be numbered without a heavyweight figure such as Mr. Jin.

"Whoever the decision-maker may be, it seems to have been con-

tinued that the survival of Kia is impossible," said Ji Sung Chul, analyst at LG Securities.

But Kia Motors said it would continue its restructuring efforts while hunting for a fresh capital injection. (Reuters, AFP)

LG Electronics' Net Surges

LG Electronics Co. posted a better-than-expected 1997 net profit of 91.6 billion won, up 41.4 percent, on a 22.7 percent increase in sales, to 9.2

billion won. Agence France-Presse reported Thursday from Seoul.

The company, a unit of LG Group, South Korea's third-largest conglomerate, forecast 1998 sales of 11 trillion won, with exports rising to about 8.55 trillion won.

The prolonged sluggishness of the domestic economy took its toll on LG's South Korean sales last year, but exports remained brisk due to an increase in sales of air-conditioners and CD-ROMs, it said.

## BHP to Cut 300 Jobs as Moody's Warns of a Downgrade

Compiled by Our Staff From Dispatches

SYDNEY — Broken Hill Proprietary Co. said Thursday it would cut 300 jobs, the same day Moody's Investors Service Inc. warned it might downgrade its rating on some of the big Australian mining company's debt after the surprise departure of its chief executive.

John Prescott, 57, resigned Wednesday after 40 years with the company. He had been managing director since 1991. No successor has yet been named.

After the market closed, and within 24 hours of Mr. Prescott's resignation, BHP said it was offering "voluntary redundancies" at

five of Queensland state coal mines. Another 1,800 employees at three Queensland mines will be forced to leave for 10 days in April.

Moody's highlighted "senior management turnover" as an important part of its decision to place BHP under review for a possible downgrade. (AFP, Bloomberg)

## BAILOUT: 21 Banks Apply for Aid From Government Program

Continued from Page 13

does not directly confront the problem of the banks' bad or questionable debt, estimated at more than \$600 billion. Nor does it address the underlying problem that Japan probably has too many banks, and that some institutions perhaps need to fail to guarantee profits for the rest.

In Japan, a number of the banks that were originally reluctant to take public funds were apparently encouraged to do so by the government, which feared that if weak banks were the only ones stepping forward for money, depositors might get nervous and pull their money out of those institutions.

All of the major banks applied for the same amount of funds, \$794 million. Nearly all of them chose to issue subordinated debt rather than preferred shares.

And all of them are submitting similar restructuring plans as a condition for accepting the public money.

The exceptions were Nippon Credit Bank Ltd., which is seeking up to \$2.4 billion and will issue both preferred shares and subordinated debt, and Long-Term Credit Bank of Japan Ltd., which is asking for \$1.6 billion, a portion of which it will take in exchange for preferred shares.

Government officials defended the plan, saying the injection of capital was meant to bring stability to the financial system, regardless of whether it appeared to be a return to tradition.

"The ultimate goal for the scheme is to make the Japanese financial system more efficient and internationally competitive," said Takayoshi Hayayama, deputy head of the committee at the Deposit Insurance Corporation that is overseeing the disbursement of public funds. "There will be more stringency. We have a strong wish to remodel the Japanese financial system."

A seven-member panel, which includes the finance minister and the governor of the Bank of Japan, the central bank, decided last week on the criteria by which banks would be able to receive public money. It decided not to demand explanations from banks involved in the

hanky-panky that have come to light recently. All the applications are expected to be accepted.

After approval from the cabinet, the panel will probably decide on the terms and pricing of each bank's stock or debt issue.

Although the government has said it will use the market as a guide to set the price of the issues, the differences among the banks are likely to be minor since the point is to provide public funds cheaply so that the banks can meet international requirements for capital adequacy ratios by March 31.

With the capital injections, all the banks will easily clear the hurdles set by Nomura Securities Co. regarding its securities issued in the United States.

Most banks are reluctant to issue preferred shares and allow the government to take a stake because they fear the government would interfere in management of their operations.

The two Finance Ministry officials arrested Thursday were Takashi Sakakibara, a 38-year-old elite bureaucrat in the Securities Bureau, and Toshio Miyano, a 51-year-old examiner at the Securities and Exchange Surveillance Commission.

Mr. Sakakibara is accused of accepting gifts in exchange for showing favor to three companies. Mr. Miyano is accused of offering favorable treatment to Nomura Securities Co. regarding its securities issued in the United States.

**NASDAQ**

**Thursday's 4 P.M.**  
1000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press*

NYSE

**Thursday's 4 P.M. Close**  
**(Continued)**

## Advertisement

## INTERNATIONAL FUNDS

March 5, 1998

For information on how to list your fund, fax Katy Houri at (33-1) 41 43 92 12 or E-mail : funds@iht.com  
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# Herald Tribune INTERNATIONAL SPORTS

FRIDAY, MARCH 6, 1998

## WORLD ROUNDUP

## Seizinger Triumphs Without Racing

**SKIING** Katja Seizinger of Germany captured two World Cup titles on Thursday when two women's races scheduled for this weekend in France were canceled because of bad weather.

The International Ski Federation announced that the women's World Cup downhill and Super-G in Morzine, France were called off because of warm temperatures and heavy rainfall.

The federation said the races would not be replaced, assuring that Seizinger could not be overtaken in the downhill and Super-G standings. She also moved closer to clinching the overall World Cup title.

A victory is worth 100 points and Seizinger leads Renate Goetschl of Austria by 128 points in the downhill and by 140 points in the Super-G. For the overall title, Seizinger has a 267-point lead over Martina Ertl of Germany with four races left. Seizinger won the overall title for the first time two seasons ago.

It was a record fifth Super-G title for Seizinger and her fourth downhill title. She has won four Super-G and four downhill races this season. (AP)

## Huskies Win in Big East

**BASKETBALL** No. 6 Connecticut outscored Providence, 13-4, over the last five minutes to seal a 64-55 victory in the quarterfinals of the Big East tournament on Thursday at Madison Square Garden.

The Huskies (27-4) will play the winner of the Rutgers-Georgetown game in Friday night's semifinals.

Connecticut had to overcome one of its worst shooting performances of the season (19-for-51, 37.3 percent) to beat the Friars (12-16), who scored on just two of their last 10 possessions of the game.

The conference's player of the year, Richard Hamilton, struggled more with his shooting than any other Connecticut player, going 5-for-20, including 1-for-7 from 3-point range.

DeMarco Johnson scored 23 points, pulled North Carolina-Charlotte out of an early rut and was the steady force in a 63-55 victory over Marquette in the second round of the Conference USA tournament on Thursday.

UNC Charlotte (18-9), the tournament's No. 2 seed, will play either Memphis or Southern Mississippi in the semifinals on Friday. (AP)

## Falcons Pursuing Zeier

**FOOTBALL** The Atlanta Falcons, making a major effort to bring Eric Zeier back to Georgia, confirmed Thursday they had offered the Baltimore Ravens' backup quarterback a two-year contract.

The Ravens have a week to match the offer sheet to Zeier and have said in the past they will keep him. Since Zeier is a restricted free agent, the Ravens would receive the Falcons' third-round draft pick if they decided to let Zeier go.

Terms of the offer were not made public. The Ravens had made a one-year offer of \$397,000.

The Falcons are seeking an experienced backup quarterback to Chris Chandler. (AP)

## In Sprewell Fiasco, NBA Loses Its Way

### Tough-Talking Commissioner Turns Sheepish

By Mark Heisler  
*Los Angeles Times Service*

Well, that concludes a disaster for the ages.

Latrell Sprewell, the perpetrator, who supposedly triumphed Wednesday, improved his situation only to the extent that he forfeits a mere \$6.4 million, rather than being ousted to the tune of \$23.7 million.

Of course, he also loses something more precious — his good name. Let's

## VANTAGE POINT

see him get that hack. For sure, an arbitrator cannot give it to him.

P.J. Carlesimo, the victim, is a dead coach walking, with his players muttering about him and the league's grapevine destroying his chance of recruiting free agents.

Then there is the invincible David Stern, the last real commissioner. In essence, what happened Wednesday was that the arbitrator, John Feerick, choked him.

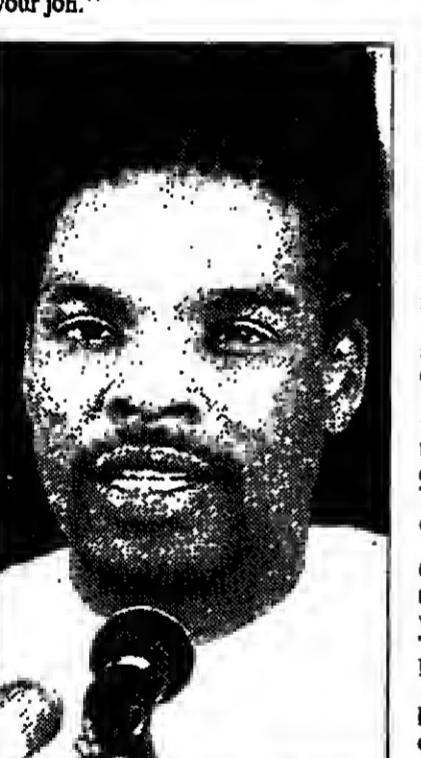
Feerick ruled that the Golden State Warriors had to reinstate Sprewell's terminated contract and that the National Basketball Association had to reduce his suspension by five months.

Sprewell, whose penalties stemmed from a Dec. 1 incident in which he assaulted Carlesimo twice at a team practice, will thus become a member of the team again on July 1.

The decision was fair enough. Big penalties for outrages, even in this hard-hitting league, run \$10,000 or \$20,000. Where did they get off, thinking the tab for this offense, however horrific, should be \$23.7 million, the amount Sprewell would have forfeited had the punishments stood?

What was notable about the decision was the way it capsized the unsinkable Stern.

The great spin doctor sounded crest-fallen in news conference, saying Feerick had made his league a place where you can "strike your boss and still hold your job."



Latrell Sprewell, who will be allowed to rejoin the Warriors on July 1 and lose a mere \$6.4 million.

In the NBA, it's a challenging new day — and a frustrated-looking Stern.

In a rare aside at the All-Star game, he said that if the owners did not like his new get-tough commissioner-decides disciplinary policy, they could change the constitution or fire him.

The owners, who used to give Stern carte blanche, reportedly are resisting his lead-off labor. Stern wants to rock 'n' roll this summer — lock the players out, perhaps even give up a month or two of the next season — to forge a better collective-bargaining deal, because the present one works strictly for glamour teams, superstars and post-teenage prospects.

The problem is, the big beltiers reportedly do not want to live up behind their leader.

A straw vote on reopening collective bargaining at a board of governors meeting last fall in New York reportedly passed by only 20 to 9. Reopening the talks should be a pro forma 29 to 0, since it only means that the owners want to begin negotiations.

If Stern can get only 20 votes for reopening negotiations, how many can he get for locking out the players on July 1? How many can he get if it goes beyond that?

And now, the commissioner cannot even flex his muscles in a massive show of power?

Sprewell's behavior was indefensible, but that was not the worst of it. The worst part was, because he was a talented player, he would suffer few real consequences. The Warriors could void his contract and, because he was so talented, teams would line up to offer millions more.

Bloomberg News recently polled NBA general managers and nine of 29 said they would consider signing Sprewell.

So the Warriors, perhaps encouraged by the NBA lawyers, and Stern swinging for the fences. And, as they learned Wednesday, popped out to short.

This is still a natio with laws. Precedents apply. Stern, a great trial lawyer, and his entire office of lawyers, rushed pell-mell past due process. The next thing you knew, they had big trouble.

In the spring of 1993, at the end of a dreary season the Detroit Pistons' Alvin Robertson got into an argument with the team's general manager, Billy McKinney, and grabbed him by the throat. The incident was little remarked upon. Robertson, a former All-Star who was by then a journeyman, was soon released.

McKinney was about to be fired himself — and it was before Stern had taken over the role as top cop.

Bottom line: The league took no action. Not light action, not a token slap on the wrist. In a similar case, the league did nothing.

This is what a lawyer might call an opportunity.

There were others, such as the time Charlotte's general manager, Alan Brustow, choked an agent, Ann Tellez — who, ironically, is Sprewell's agent. This time the league took action. It sent Brustow a letter of reprimand.

The decision Wednesday should not have been a surprise, even if it seemed to catch Stern in the breadbasket. But no one had better celebrate.

The final score was, oo winners, all losers, and perhaps the most ringing reminder yet that this once-glowing league has lost its way.



Giovanni Elber of Bayern Munich leaps atop Julio Cesar of Borussia Dortmund during a scoreless draw.

## Goals (and Victory) Tough to Come By

By Peter Berlin  
*International Herald Tribune*

Soccer's lawmakers are to meet in Paris on Friday to consider ways to improve their sport ahead of the World Cup finals this summer.

One item on their agenda is whether to adopt technology that would automatically register a goal when the ball crosses the goal line. Not that it's needed; anyone unlucky enough to have watched the first-leg quarterfinals of the European Champions League on Wednesday night could see that goals are fewer and farther between these days.

In Monaco, Manchester United and Monaco played to a sterile, 0-0 draw. In Munich, an equally tedious match between Bayern and Borussia Dortmund also finished at 0-0. In Turin, Juventus and Dynamo Kiev drew, 1-1. Afterward, Marcello Lippi, the Juventus coach, said that his opponents, apart from their one goal, "did not manage a shot on target. Not one."

The one relatively bright spot was in Leverkusen, near Cologne, where Real Madrid — which mercifully lacks the discipline to defend for 90 minutes — played an entertaining 1-1 draw with Bayer.

Alex Ferguson, the United coach, glowed with pleasure after his team stuck to a conservative strategy and managed just one shot on target while restricting its opponents to just two.

"I'm satisfied with the concentration displayed by our defenders," Ferguson said. "We did a good job. We didn't take any risks. In the past we have tried to win away. Tonight we didn't repeat the same mistake."

Heaven forbid that the English champion should actually try to win a match.

At their meeting on Friday, the lawmakers of FIFA, world soccer's governing body, will also be discussing the infamous tackle from behind, a dangerous play that they have been trying to outlaw for several years. But the games Wednesday showed that modern professionals have already adapted to the punishments meted out for such fouls.

Nine of Monaco's starting 11 on Wednesday carried one yellow card into the match. Each player knew that a second yellow card would lead to a ban for the second-leg match in Manchester in two weeks. So they resorted, as did their opponents, to persistent, but out-

of-control, low-level fouling.

Meanwhile, in Leverkusen, Kim Nielsen, the Danish referee, managed to force the Real Madrid defensive wall to retreat 10 yards. Then Stefan Beinlich blasted a kick straight against a Real player. When the ball rebounded, he had the time to control it and shoot again before the first defender arrived. The ball flew into the top corner of the Madrid goal to give the home team the lead.

Real, playing with three strikers, attacked at every opportunity and leveled in the second half with a swerving shot by Christian Karembeu, his first goal for the club.

In Turin, Andrei Gusin gave Kiev the lead after 57 minutes, slashing the ball from close range after a corner. Filippo Inzaghi equalized, also from close range, after the Kiev goalie, Alexander Shovkovsky, saved his first shot. Both Inzaghi and Alessandro Del Piero had chances to win the game for Juventus but missed.

Before the game, Valeri Lobovovskiy, the Kiev coach, boasted that his team played soccer as it would be played in the next century. Afterward, Vitorino Chiusano, the Juventus president, compared Kiev's approach to the super-defensive Italian tactics of the past.

"The football I saw wasn't football of the year 2000," Chiusano said.

In Munich, two teams coached by Italians revived some memories. Bayern, under Giovanni Trapattoni, had better scoring chances. Predictably, Nevio Scala, the Dortmund coach, was happy: "A goal in Munich would have been nice, but a draw is O.K."

The FIFA lawmakers should take note: Goals anywhere are nice.

## SCOREBOARD

## BASEBALL

## EXHIBITION BASEBALL

## WEDNESDAY RESULTS

Miami 6, New York Yankees 4  
Texas 5, Toronto 5

Tampa Bay 10, Cincinnati 2

Chicago 3, Boston 3

Detroit 4, Florida 4

St. Louis & Baltimore 3

Philadelphia 13, Pittsburgh 2

Houston 4, Montreal 2

Los Angeles 7, San Francisco 6

Baltimore 7, Mexico City 3

New York Yankees 9, Cincinnati 8

Seattle 9, Anaheim 7, 10 innings

Chicago 2, St. Louis 1

Atlanta 4, Boston 3

Seattle 4, Florida 3

Philadelphia 1, Boston 1

Montreal 1, Atlanta 1

Houston 1, Philadelphia 1

Los Angeles 1, Atlanta 1

Baltimore 1, Atlanta 1

Seattle 1, Atlanta 1

Atlanta 1, Seattle 1

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